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.

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 QUEST ASIA DEVELOPMENT LIMITED; (2) RE-ELECTION OF A DIRECTOR; AND (3) REFRESHMENT OF GENERAL MANDATE

Independent financial adviser to the Independent Board Committee and the Independent Shareholders

Nuada Limited

Corporate Finance Advisory

A notice convening a special general meeting of the Company to be held at 11:00 a.m. on Wednesday, 5 September 2007 at 9th Floor Wincome Centre, Nos. 39-41 Des Voeux Road Central, Hong Kong is set out on pages 105 to 108 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*

16 August 2007

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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 Quest Asia from the Vendor by the Purchaser
"AGM"	the annual general meeting of the Company held on 25 May 2007
"Agreement"	the sale and purchase agreement dated 20 July 2007 entered into between the Vendor, the Purchaser and the Guarantors in relation to the sale and purchase of the entire issued share capital of Quest Asia, details of which are set out in the section headed "The Agreement" in the "Letter from the Board" herein
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of directors of the Company
"Business Day"	a day (other than Saturday or Sunday) 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 the 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 seven Business Days after fulfillment (or waiver) of the conditions contemplated under the Agreement
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Consideration"	the consideration of HK$190 million subject to adjustment as detailed under the section headed "Adjustment to the Consideration" in the "Letter from the Board" herein
"Conversion Price"	the price for the conversion of each Conversion Share, subject to adjustments pursuant to the terms and conditions as set out in the instrument constituting the Convertible Bonds to be issued by the Company at Completion

"Conversion Share(s)"	the Share(s) to be issued by the Company upon exercise of the conversion rights attached to the Convertible Bond(s)
"Convertible Bonds"	the convertible bonds in the aggregate principal amount of HK$120 million due in 2010, to be issued by the Company to the Subscribers in proportion to their respective equity interests in the Vendor as satisfaction in part of the Consideration under the Agreement, upon Completion
"Current General Mandate"	the general mandate approved at the AGM to grant to the Directors to allot and issue Shares of up to 20% of the issued share capital of the Company as at the date of passing the relevant resolutions
"Director(s)"	director(s) of the Company
"Group"	the Company and its subsidiaries
"Guarantors"	Mr. Lee, Mr. Tse and Mr. Mui, being the ultimate beneficial owners of the Vendor
"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 with limited liability on 5 July 2006 and an indirect wholly-owned subsidiary of the Company
"Independent Board Committee"	an independent committee of the Board, comprising the independent non-executive Directors, to advise the Independent Shareholders as to the fairness and reasonableness of the granting of the New General Mandate, the voting at the SGM in respect of the New General Mandate and whether the granting of the New General Mandate is in the interests of the Company and the Shareholders as a whole
"Independent Shareholder(s)"	Shareholders other than the Directors (excluding independent non-executive Directors), the chief executive of the Company and their respective associates
"Latest Practicable Date"	13 August 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular

"Licorice Root Growing Area"	a piece of land of 800,000 Chinese mu at 伊克昭盟杭錦旗浩繞柴達木蘇木 (Yi Ke Zhao Meng Hang Jin Qi Hao Rao Chai Da Mu Su Mu*) in the Inner Mongolia Autonomous Region of the PRC for the cultivation of licorice roots (甘草)
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange
"Management Contracts"	both Management Contract A and Management Contract B
"Management Contract A"	the management and consultancy contract dated 15 December 2006 signed between Quest Asia and Tian Lan in relation to the provision of management and consultancy services by Quest Asia to Tian Lan for the cultivation of licorice roots (甘草) in the Licorice Root Growing Area
"Management Contract B"	the management and consultancy contract dated 15 December 2006 signed between Quest Asia and Tian Lan in relation to the provision of management and consultancy services by Quest Asia to Tian Lan for the cultivation of salix psammophila (沙柳) in the Salix Psammophila Growing Area
"Maturity Date"	the date falling on the third anniversary from the date of issue of the Convertible Bonds, being the date on which the Convertible Bonds mature
"MOU"	the memorandum of understanding for the sale and purchase of the entire issued share capital of Quest Asia dated 25 June 2007 and signed between the Vendor and the Purchaser
"Mr. Lee"	Mr. Lee Cheong Fu, who is ultimately beneficially interested in 40.5% of the issued share capital of the Vendor
"Mr. Mui"	Mr. Mui Kin Si Felix, who is ultimately beneficially interested in 10.0% of the issued share capital of the Vendor
"Mr. Sananikone"	Mr. Puongpun Sananikone, an independent non-executive Director

* *for identification purpose only*

"Mr. Tse"	Mr. Tse Hoi Chau, who is ultimately beneficially interested in 49.5% of the issued share capital of the Vendor
"New General Mandate"	the general mandate proposed to be granted to the Directors at the SGM to allot, issue and otherwise deal with additional Shares not exceeding 20% of the issued share capital of the Company as at the date of the SGM and any additional Shares repurchased by the Company pursuant to the general repurchase mandate granted to the Directors at the AGM
"Nuada"	Nuada Limited, a licensed corporation under the SFO to conduct type 6 (advising on corporate finance) regulated activity under the SFO and the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the New General Mandate
"PRC"	The People's Republic of China which, for the purpose of this circular, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Purchaser"	Technology Venture Investments Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
"Quest Asia"	Quest Asia Development Limited, a company incorporated in the British Virgin Islands with limited liability on 3 January 2006 and is wholly owned by the Vendor prior to Completion
"Sale Share"	one issued share of US$1.00 of Quest Asia, representing the entire existing issued share capital of Quest Asia to be sold by the Vendor to the Purchaser pursuant to the terms and conditions under the Agreement
"Salix Psammophila Growing Area"	a piece of land of 2,200,000 Chinese mu at 伊克昭盟杭錦旗浩繞柴達木蘇木 (Yi Ke Zhao Meng Hang Jin Qi Hao Rao Chai Da Mu Su Mu*) in the Inner Mongolia Autonomous Region of the PRC for the cultivation of salix psammophila (沙柳)
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

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"SGM"	the special general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve the Agreement and all transactions contemplated thereunder, including but not limited to the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares upon the exercise of the Convertible Bonds, the proposed grant of New General Mandate and the re-election of Mr. Sananikone as a Director
"Share(s)"	ordinary share(s) of HK$0.10 each in the capital of the Company
"Shareholder(s)"	shareholder(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscribers"	subscribers of the Convertible Bonds, being the ultimate beneficial owners of the Vendor (or their nominee(s) as they may direct), and "Subscriber" shall mean any one of the Subscribers
"Takeovers Code"	the Code on Takeovers and Mergers of Hong Kong
"Tian Lan"	內蒙古天蘭科技治沙產業有限公司 (Inner Mongolia Tian Lan Technology Sand Control Estate Limited*), a limited company incorporated in the PRC on 3 September 2003
"Vendor"	Adonia Development Limited, a company incorporated in the British Virgin Islands with limited liability and ultimately beneficially owned as to 40.5% by Mr. Lee, as to 49.5% by Mr. Tse and as to 10.0% by Mr. Mui
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"US$"	United States dollars, the lawful currency of the United States of America
"%"	per cent.

* *for identification purpose only*

For the purpose of this circular, unless otherwise specified, conversions of United States dollars to Hong Kong dollars and Renminbi to Hong Kong dollars are based on the approximate exchange rates of US$1.00 to HK$7.80 and RMB1.00 to HK$1.04 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. Tai Benedict
Mr. Lim Yew Kong, John
Mr. Puongpun Sananikone

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

Head office and principal place of business in Hong Kong:
9th Floor
Wincome Centre
Nos. 39-41
Des Voeux Road Central
Hong Kong

16 August 2007

To the Shareholders

Dear Sir or Madam,

(1) MAJOR TRANSACTION:
ACQUISITION OF QUEST ASIA DEVELOPMENT LIMITED;
(2) RE-ELECTION OF A DIRECTOR;
AND
(3) REFRESHMENT OF GENERAL MANDATE

INTRODUCTION

Reference is made to the announcements published by the Company on 25 June 2007 and 25 July 2007 in relation to the entering into of the MOU and the Acquisition. On 20 July 2007, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Agreement with the Vendor in relation to the Acquisition for a consideration of HK$190 million (subject to adjustment as detailed in the section headed “Adjustment to the Consideration” below), which is to be satisfied as to approximately HK$70 million in cash and HK$120 million by the issue of the Convertible Bonds.

* *for identification purpose only*

THE AGREEMENT

Date	:	20 July 2007

Parties involved:

Vendor	:	Adonia Development Limited
Purchaser	:	Technology Venture Investments Limited
Guarantors	:	Mr. Lee, Mr. Tse and Mr. Mui, who are the ultimate beneficial owners of the Vendor and none of whom hold any position in the Group

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 holding.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Vendor and the ultimate beneficial owners of the Vendor are third parties independent of the Company and connected persons of the Company, 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 Quest Asia.

Quest Asia is an investment holding company incorporated in the British Virgin Islands with limited liability on 3 January 2006 and is wholly owned by the Vendor which, in turn, is wholly and ultimately beneficially owned as to 40.5% by Mr. Lee, as to 49.5% by Mr. Tse and as to 10.0% by Mr. Mui.

Quest Asia has entered into Management Contract A with Tian Lan on 15 December 2006, pursuant to which Quest Asia agreed to provide management and consultancy services to Tian Lan for the cultivation of licorice roots in the Licorice Root Growing Area. Quest Asia has also entered into Management Contract B with Tian Lan on 15 December 2006, pursuant to which Quest Asia agreed to provide management and consultancy services to Tian Lan for the cultivation of salix psammophila in the Salix Psammophila Growing Area. It is not expected that there will be any change in the terms of the Management Contracts after Completion. Nevertheless, any future change in the terms of the Management Contracts after Completion will be subject to further negotiation and agreement between Quest Asia and Tian Lan, and the Company will, if required, make appropriate disclosure of such change in accordance with the provisions of the Listing Rules at the time.

Based on the audited accounts of Quest Asia, prepared in accordance with the Hong Kong Financial Reporting Standard, for the period since its incorporation on 3 January 2006 up to 31 December 2006, the net loss before taxation and extraordinary items and the net loss after taxation and extraordinary items were both HK$5,600. For the period from 1 January 2007 to 30 June 2007, the net loss before taxation and extraordinary items and the net loss after taxation and extraordinary items were both HK$20,358, and it recorded net liabilities of HK$25,950 as at 30 June 2007. Further details of the Management Contracts are set out in the section headed "The Management Contracts" below.

The Consideration

The Consideration will be settled by the Purchaser on Completion in the following manner:

(i) as to HK$70 million is to be paid in cash to the ultimate beneficial owners of the Vendor (or their nominee(s) as they may direct) in proportion to their respective equity interests in the Vendor; and

(ii) as to HK$120 million is to be satisfied by the issue of the Convertible Bonds in favour of the beneficial owners of the Vendor (or their nominee(s) as they may direct) in proportion to their respective equity interests in the Vendor. Details of the Convertible Bonds are set out in the section headed "Issue of the Convertible Bonds" below.

The Group will finance the cash consideration of HK$70 million with its internal resources.

Further details of the basis of determining the Consideration are set out in the section headed "Basis of the 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 and/or the Guarantors (as the case may be) under the Agreement remaining true, accurate and complete in all material respects;

(c) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Conversion Shares;

(d) all necessary consents and approvals required to be obtained having been obtained on the part of Tian Lan, Quest Asia and the Vendor in respect of the Agreement, the Management Contracts and the transactions contemplated thereunder;

(e) if necessary, the Bermuda Monetary Authority granting consent to the allotment and issue of the Conversion Shares;

(f) the passing of the necessary resolution(s) by the Shareholders at the SGM to be convened and held to approve the Agreement and all matters contemplated thereunder, including but not limited to the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares upon conversion of the Convertible Bonds;

(g) 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 such matters which are relevant to the Agreement, the Management Contracts and the transactions contemplated thereunder being obtained; and

(h) the obtaining by Tian Lan of the Certificate of Land Use Rights under Management Contract B.

The Purchaser has the sole discretion to waive any of the conditions as set out above (save for conditions (c), (d), (e) and (f) which are incapable of being waived). The Purchaser does not have any current intention to waive any of the said conditions. The Vendor does not have any discretion to waive any of the conditions to Completion.

If the conditions set out above have not been satisfied (or as the case may be, waived by the Purchaser) on or before 4:00 p.m. on 31 October 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 under the Agreement save for any antecedent breaches of the terms thereof.

Undertakings by the Vendor

The Vendor undertakes to the Purchaser that:

(i) for a period of 46 years from the Completion Date, Management Contract A will continue to be of full effect, renewable and enforceable;

(ii) for a period of 29 years from the Completion Date, Management Contact B will continue to be of full effect, renewable and enforceable; and

(iii) the Vendor will exercise its best endeavours to procure Tian Lan to continue holding the title, ownership and rights of use in respect of the Licorice Root Growing Area and the Salix Psammophila Growing Area.

Completion

Completion is expected to take place at 4:00 p.m. on the Completion Date or such later date as the Vendor and the Purchaser may agree. Upon Completion, Quest Asia will become an indirect wholly-owned subsidiary of the Company and its financial results will be consolidated with the Group. Prior to Completion, the board of directors of Quest Asia comprises two directors, namely Mr. Tse and Mr. Lee. Upon Completion, the Purchaser will nominate its two executive Directors, namely Mr. Tse Michael Nam and Mr. Chan Tze Ngon, to the board of directors of Quest Asia to replace Mr. Tse and Mr. Lee.

THE MANAGEMENT CONTRACTS

Management Contract A

Parties involved:

Quest Asia and Tian Lan

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Tian Lian and the ultimate beneficial owners of Tian Lian are third parties independent of the Company and connected persons of the Company, and are third parties independent of the Vendor and the ultimate beneficial owners of the Vendor (save for the entering into of the Management Contracts by Tian Lan and Quest Asia, a wholly-owned subsidiary of the Vendor before Completion).

Term:

Management Contract A shall be effective for the period from 15 December 2006 up to and including 27 August 2053.

Scope of services to be provided by Quest Asia to Tian Lan:

Quest Asia shall assist Tian Lan in formulating an integrated plan in the production, harvest, processing and sales of licorice roots, provide advice on the management of the operations of the Licorice Root Growing Area, send representatives to provide training to Tian Lan's sales and management staff, provide administrative and accounting support as necessary, as well as provide any other services that may be agreed to between Quest Asia and Tian Lan.

Income sharing ratio:

In respect of the sales of the existing licorice roots in the Licorice Root Growing Area, Quest Asia shall receive 70% of the turnover generated from the sales of such licorice roots (after deducting 15% from the total turnover as production cost and all other necessary sales tax payments), with the remaining 30% payable to Tian Lan.

In respect of the cultivation of licorice roots in the Licorice Root Growing Area to be planted by Quest Asia in the future, Quest Asia shall receive 90% of the turnover generated from the sales of such cultivated licorice roots (after deducting the direct production costs and all other necessary sales tax payments), with the remaining 10% payable to Tian Lan.

It is expected that planting of new licorice roots by Quest Asia will commence as soon as practicable at the appropriate cultivation time after Completion, on condition that climatic and other conditions relevant to the agricultural business are appropriate. The expected time required from cultivation to harvesting of licorice roots, subject to climatic and other relevant conditions, is approximately three years.

Other provisions:

Tian Lan guarantees that it possesses the legitimate right to use and operate on the Licorice Root Growing Area until 2053. Tian Lan shall not transfer, pledge or dispose of the right to use the Licorice Root Growing Area to any other third party, or engage any other third party to provide similar management and consultancy services in respect of the Licorice Root Growing Area as Quest Asia, without the prior written consent of Quest Asia. Quest Asia has the right to cultivate licorice roots on the Licorice Root Growing Area and is entitled to the ownership and sales rights of the licorice roots that it cultivates.

Management Contract B

Parties involved:

Quest Asia and Tian Lan

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Tian Lian and the ultimate beneficial owners of Tian Lian are third parties independent of the Company and connected persons of the Company, and are third parties independent of the Vendor and the ultimate beneficial owners of the Vendor (save for the entering into of the Management Contracts by Tian Lan and Quest Asia, a wholly-owned subsidiary of the Vendor before Completion).

Term:

Management Contract B shall be effective for the period from 15 December 2006 up to and including 14 December 2036.

Scope of services to be provided by Quest Asia to Tian Lan:

Quest Asia shall assist Tian Lan in formulating an integrated plan in the production, harvest, processing and sales of salix psammophila, provide advice on the management of the operations of the Salix Psammophila Growing Area, send representatives to provide training to Tian Lan's sales and management staff, provide administrative and accounting support as necessary, as well as provide any other services that may be agreed to between Quest Asia and Tian Lan.

Income sharing ratio:

In respect of the sales of the existing salix psammophila in the Salix Psammophila Growing Area, Quest Asia shall receive 70% of the turnover generated from the sales of such salix psammophila (after deducting 15% from the total turnover as production cost and all other necessary sales tax payments), with the remaining 30% payable to Tian Lan.

In respect of the cultivation of salix psammophila in the Salix Psammophila Growing Area to be planted by Quest Asia in the future, Quest Asia shall receive 90% of the turnover generated from the sales of such cultivated salix psammophila (after deducting the direct production costs and all necessary sales tax payments), with the remaining 10% payable to Tian Lan.

It is expected that planting of new salix psammophila by Quest Asia will commence as soon as practicable at the appropriate cultivation time after obtaining the Certificate of Land Use Rights under Management Contract B, on condition that climatic and other conditions relevant to the agricultural business are appropriate. The expected time required from cultivation to harvesting of salix psammophila, subject to climatic and other relevant conditions, is approximately three years.

Other provisions:

Tian Lan shall not transfer, pledge or dispose of the right to use the Salix Psammophila Growing Area to any other third party, or engage any other third party to provide similar management and consultancy services in respect of the Salix Psammophila Growing Area as Quest Asia, without the prior written consent of Quest Asia. Quest Asia has the right to cultivate salix psammophila on the Salix Psammophila Growing Area and is entitled to the ownership and sales rights of the salix psammophila that it cultivates.

BASIS OF THE CONSIDERATION

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser with reference to the Reference Amount (as defined hereunder).

Based on the Consideration, the price earnings multiple for the Acquisition is about 12 times. Such price earnings multiple is determined with reference to the acquisition of Huge Value (which had entered into a management and consultancy contract with Tian Lan for the cultivation of licorice roots in Inner Mongolia) by the Purchaser as announced by the Company on 14 February 2007, and such reference is made as the Acquisition is a further acquisition of the same business as that of Huge Value. Furthermore, the provision of management and consultancy services by Quest Asia to Tian Lan to grow licorice roots and salix psammophila is a relatively unique service, and the Board is only aware of the provision by Huge Value (another wholly-owned subsidiary of the Company) of such a similar service. As such, the Board considers the determination of the price earning multiples of about 12 times, based on the price earnings multiple for the acquisition of Huge Value, is fair and reasonable.

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

ADJUSTMENT TO THE CONSIDERATION

The Vendor warrants and guarantees to the Purchaser that for the year ending 31 December 2008, the audited income (the "Actual Income"), based on the Hong Kong Financial Reporting Standards, actually received by Quest Asia under the Management Contracts, will not be less than HK$15.8 million (the "Reference Amount"). If the Actual Income is less than the Reference Amount, the Vendor shall pay the Purchaser in cash within seven days after the delivery of the audited accounts of Quest Asia for the financial year ending 31 December 2008 in an amount calculated as follows:

Set-off amount (A) = (Reference Amount – Actual Income) x 12

where A is the amount the Vendor shall pay to the Purchaser in cash, subject to a maximum of HK$70 million. For the avoidance of doubt, if A exceeds HK$70 million, the Vendor will only be obligated to pay up to HK$70 million to the Purchaser.

The Purchaser shall procure that the audited financial statements of Quest Asia for the financial year ending 31 December 2008 shall be prepared and reported on by the auditors for the time being of the Company by 30 April 2009.

In the event that Renminbi amounts have to be converted into Hong Kong dollar amounts or vice versa in the above calculation, the exchange rate to be adopted will be RMB1.00 = HK$1.04.

For the avoidance of doubt, each of the Guarantors shall severally (to the extent of and in proportion to their respective ultimate equity interests in the Vendor) indemnify and at all times keep the Purchaser fully and effectually indemnified against all claims, damages, losses, costs, expenses, actions and proceedings which may arise as a result of default of the Vendor under the Agreement in the proportion to their respective equity interests in the Vendor as at the date of this Agreement.

The Vendor further undertakes to the Purchaser that if Quest Asia records a loss in its accounts as at the date of Completion, the Vendor shall fully reimburse the Purchaser in cash within seven Business Days from the Completion Date. This is separate from and in addition to the adjustment to the Consideration of up to HK$70 million as set out above.

ISSUE OF THE CONVERTIBLE BONDS

Issue date	:	To be issued by the Company to the Subscribers upon Completion.	
Parties	:	(1) Issuer:	the Company
		(2) Subscribers:	the ultimate beneficial owners of the Vendor, or their nominee(s) as they may direct

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Subscribers and the ultimate beneficial owner(s) of the Subscribers (where applicable) are third parties independent of the Company and connected persons of the Company. The Directors undertake that the Company will notify the Stock Exchange immediately when becoming aware of any dealings in the Convertible Bonds by any connected parties of the Company.

Principal terms of the Convertible Bonds

Aggregate principal amount of the Convertible Bonds	HK$120 million, to be issued in favour of the ultimate beneficial owners of the Vendor (or their nominee(s) as they may direct) in proportion to their respective equity interests in the Vendor.
Interest	Zero coupon
Conversion Price	At a premium of 5% over the average of the closing prices per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the date of Completion. The Conversion Price is subject to such adjustments as set out in the instrument constituting the Convertible Bonds such as the subdivision or consolidation of Shares, bonus issues, rights issues and other dilutive events, including but not limited to cash distribution, capital distribution, distribution in species or the occurrence of certain other analogous events that results in a dilution or concentration of the rights of the Shareholders provided that the Conversion Price shall be not less than the nominal price of the Shares on the date of conversion.
Conversion period	The Convertible Bonds may be converted, at the option of the Subscriber, at any time from the date of issue of the Convertible Bonds up to the Maturity Date, provided that, among others, any conversion of the Convertible Bonds will not result in the holder(s) thereof, together with its associate(s), (1) holding an aggregate of 8% or more of the then issued share

capital of the Company (as enlarged by the allotment and issue of the Conversion Shares), that is, at any one time, irrespective of the outstanding amount of the Convertible Bonds held by the Subscriber(s), the Subscriber(s) can only convert such amount of the Convertible Bonds such that it/they, together with their associate(s), hold a maximum aggregate of 8% of the then issued share capital of the Company (as enlarged by the allotment and issue of the Conversion Shares); (2) triggering a mandatory offer obligation under the Takeovers Code; or (3) the public float of the Shares falling below 25% of the issued share capital of the Company.

Conversion Shares	The Convertible Bonds may be converted at any time from the date of issue of the Convertible Bonds up to the Maturity Date in multiples of HK$1,000,000.
Maturity Date	The Convertible Bonds will mature on the date falling on the third anniversary from the date of issue of the Convertible Bonds.
Redemption	The Company has an option of early redemption of the Convertible Bonds at any time from the date of issue of the Convertible Bonds up to the Maturity Date at par in multiples of HK$1,000,000 by serving at least seven days' prior written notice to the holder(s) of the Convertible Bonds.
Transferability	The Convertible Bonds may be assigned or transferred to any person or company not being a connected person of the Company provided that the holders of the Convertible Bonds shall serve not less than seven days' prior written notice on the Company before the transfer takes place.
Voting	The Subscribers will not be entitled to attend or vote at any meetings of the Company by reason only of it being the holder of the Convertible Bonds.
Status of the Convertible Bonds	The obligations of the Company arising under the Convertible Bonds constitute general and unsecured obligations of the Company and rank equally among themselves and *pari passu* with all other present and future unsecured and unsubordinated obligations of the Company except for obligations accorded preference by mandatory provisions of applicable law.

Listing of the Convertible Bonds	No application will be made for the listing of the Convertible Bonds.

The Conversion Price was arrived at after arm's length negotiations between the Company and the Subscriber. The Directors (including the independent non-executive Directors) consider that the Conversion Price is fair and reasonable.

The Conversion Shares falling to be allotted and issued on the conversion of the Convertible Bonds, when allotted and issued, will rank *pari passu* in all respects among themselves and with the Shares in issue on the date of allotment and issue of such Shares.

Mandate to issue the Conversion Shares

At the AGM, Shareholders have approved the grant of a general mandate to the Directors to allot and issue up to 20% of the aggregate nominal amount of the issued Shares at the time of the passing of the resolution approving such general mandate, being 166,843,710 Shares. As announced by the Company on 16 June 2007, 160,000,000 new Shares were issued for subscription by the Vendor pursuant to a top-up placing. As only approximately 6.8 million Shares remain outstanding pursuant to the general mandate and in view of the possible number of Conversion Shares which may fall to be allotted and issued upon conversion of the Convertible Bonds, the Conversion Shares will be issued under a specific mandate to be granted to the Directors to allot, issue and deal with the Conversion Shares, subject to approval by the Shareholders at the SGM. Such specific mandate, if approved by the Shareholders at the SGM, will expire upon maturity of the Convertible Bonds or when all the Convertible Bonds have been converted or redeemed, whichever is earlier. If completion fails to take place for whatever reason, such specific mandate will expire.

Application for listing

No application will be made for the listing of, and permission to deal in, the Convertible Bonds on the Stock Exchange or other stock exchange. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares that may be allotted and issued upon conversion of the Convertible Bonds.

Change in shareholding structure

On the basis that any conversion of the Convertible Bonds cannot result in the holder(s) of the Convertible Bonds, together with its associate(s), holding an aggregate of 8% or more of the then issued share capital of the Company (as enlarged by the allotment and issue of the Conversion Shares) at any one time, upon the maximum allowable conversion of the Convertible Bond(s) into Conversion Shares (and assuming no allotment or issue of new Shares or Share repurchased by the Company prior to the conversion), the shareholding structure of the Company will be, for illustration purpose only, as follows:

Shareholders	As at the Latest Practicable Date		Immediately after the exercise of conversion rights attached to the Convertible Bonds	
	No. of Shares	*Approximate %*	*No. of Shares*	*Approximate %*
Mr. Chan Tze Ngon *(Note 1)*	125,542,000	12.60%	125,542,000	11.59%
Mr. Tse Michael Nam *(Note 2)*	30,000,000	3.01%	30,000,000	2.77%
The Subscriber(s) *(Note 3)*	–	–	86,648,570	8.00%
Galaxy China Opportunities Fund	90,810,000	9.11%	90,810,000	8.38%
Deutsche Bank Aktiengesellschaft	85,000,000	8.53%	85,000,000	7.85%
Credit Suisse Group	92,166,000	9.25%	92,166,000	8.51%
Other public Shareholders	572,940,552	57.50%	572,940,552	52.90%
Public Shareholders	840,916,552	84.39%	927,565,122	85.64%
Total	996,458,552	100.00%	1,083,107,122	100.00%

Notes:

1. Mr. Chan Tze Ngon is an executive Director.

2. Mr. Tse Michael Nam is the chairman of the Company and an executive Director.

3. Any conversion of the Convertible Bonds cannot result in the holder(s) of the Convertible Bonds, together with its associate(s), holding an aggregate of 8% or more of the then issued share capital of the Company (as enlarged by the allotment and issue of the Conversion Shares) at any one time; that is, at any one time, irrespective of the outstanding amount of the Convertible Bonds held by the Subscriber(s), the Subscriber(s) can only convert such amount of the Convertible Bonds such that it/they, together with their associate(s), hold a maximum aggregate of 8% of the then issued share capital of the Company (as enlarged by the allotment and issue of the Conversion Shares).

REASONS FOR THE ACQUISITION

Salix psammophila is a type of shrub mostly grown in the Inner Mongolia Autonomous Region, Shaanxi Province, Gansu Province and Xinjiang Province of the PRC. It is commonly used in combating desertification by holding the sand and blocking the moving sand. Since the early 1990s, salix psammophila has been increasingly used as a raw material for making paper and fibre boards. Taking into consideration the commercial benefits of salix psammophila, together with the increasing commitment of resources by the PRC government in combating the worsening desertification, the Board considers that there is huge market potential in the cultivation of salix psammophila in the PRC.

Reference is also made to the announcement of the Company dated 14 February 2007. The Group has been engaged in the business of agricultural management since February 2007 when it entered into a sale and purchase agreement to purchase the entire issued capital of Huge Value that has entered into a contract to provide management and consultancy services for the cultivation of licorice roots on a piece of grassland in Inner Mongolia. The Directors consider that the Acquisition is in line with the Group's existing business strategy and could further strengthen its existing agricultural business. In addition, the Directors consider that the Acquisition could provide growth opportunities for the Group in the growing environmental protection industry with the increasing awareness of environmental issues in the PRC and worldwide. 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.

INFORMATION OF THE GROUP

The Group is principally engaged in the distribution of information technology products, the provision of computer technology services, the carrying on of property agency business and the provision of management and consultancy services for agricultural cultivation in the PRC. The provision of management and consultancy services for agricultural cultivation in the PRC represents a further expansion of the Group's agricultural business, and the Board has no intention to cause any material change to the existing principal activities of the Group upon Completion. There is no change in the control of the Company within 24 months immediately preceding the date of this Agreement. There will be no change in the composition of the Board as a result of the Acquisition.

REQUIREMENTS UNDER THE LISTING RULES

The applicable percentage ratios (as defined in the Listing Rules) for the Acquisition are more than 25% but less than 100%. 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. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Vendor and the ultimate beneficial owners of the Vendor are third parties independent of the Company and connected persons of the Company. Therefore, no Shareholders will be required to abstain from voting on the Agreement and all matters contemplated thereunder, including but not limited to the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares upon conversion of the Convertible Bonds, at the SGM.

FINANCIAL EFFECTS OF THE ACQUISITION

For the two years ended 31 December 2005 and 2006, the audited consolidated net loss attributable to the equity shareholders of the Company were approximately HK$35.7 million and HK$10.0 million respectively.

The audited consolidated net assets of the Group as at 31 December 2005 and 31 December 2006 were approximately HK$155.3 million and HK$171.0 million, respectively.

Based on the audited accounts of Quest Asia, prepared in accordance with the Hong Kong Financial Reporting Standard, for the periods from its incorporation on 3 January 2006 to 31 December 2006 and from 1 January 2007 to 30 June 2007, the net loss before taxation and extraordinary items were HK$5,600 and HK$20,358 respectively and the net loss after taxation and extraordinary items were also HK$5,600 and HK$20,358 respectively, and it recorded net liabilities of HK$25,950 as at 30 June 2007.

After the Acquisition, the total assets of the enlarged Group will be increased by approximately HK$190.5 million, which represents the goodwill of Acquisition in the amount of approximately HK$190.5 million. The total liabilities of the Group will also increase by approximately HK$161.3 million which represents the accrued cash portion of the consideration payable for the purchase of Quest Asia plus expenses in the amount of approximately HK$70.5 million and the debt portion of the Convertible Bonds at its present value of approximately HK$90.8 million. As a result, the net asset value of the Group is expected to be approximately HK$200.2 million upon Completion as illustrated in the unaudited pro forma consolidated balance sheet of the Group as set out in appendix III to this circular.

As at 31 December 2005 and 31 December 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. Immediately 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 and taking into account the debt portion of the Convertible Bonds 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 to this circular) will be 0.45.

RE-ELECTION OF A DIRECTOR

Reference is made to the announcement of the Company dated 29 June 2007 in relation to, among other matters, the appointment of Mr. Sananikone as an independent non-executive Director.

In accordance with the bye-laws of the Company, Mr. Sananikone will retire at the SGM and being eligible, offer himself for re-election. A resolution for re-electing Mr. Sananikone as a Director will be proposed at the SGM. Disclosure required under the Listing Rules pursuant to such re-election is included in the paragraph headed "Details of the Director to be re-elected" in appendix IV to this circular.

CURRENT GENERAL MANDATE

At the AGM, the Shareholders approved, among other things, an ordinary resolution to grant to the Directors the Current General Mandate to allot and issue not more than 166,843,710 Shares, being 20% of the entire issued share capital of the Company of 834,218,552 Shares as at the date of passing of the resolution. During the period from the granting of the Current General Mandate to the Latest Practicable Date, the Current General Mandate had been utilised as to 160,000,000 Shares being placed out by CITIC Securities

Corporate Finance (HK) Limited as placing agent of the Company pursuant to a placing and subscription agreement dated 15 June 2007, being approximately 95.9% of the entire number of Shares which may be allotted and issued under the Current General Mandate. Please refer to the announcement of the Company dated 16 June 2007 for further details regarding the above matter. As at the Latest Practicable Date, 6,843,710 Shares under the Current General Mandate, being approximately 4.1% of the entire number of Shares which may be allotted and issued under the Current General Mandate, remained outstanding.

PROPOSED GRANT OF NEW GENERAL MANDATE

The Company will convene the SGM at which ordinary resolutions will be proposed to the Independent Shareholders that:

(i) the Directors be granted the New General Mandate to allot and issue Shares not exceeding 20% of the issued share capital of the Company as at the date of passing the relevant ordinary resolution; and

(ii) the New General Mandate be extended to Shares repurchased by the Company pursuant to the general mandate granted to the Directors at the AGM.

As at the Latest Practicable Date, the Company had an aggregate of 996,458,552 Shares in issue. Subject to the passing of the ordinary resolutions for the approval of the New General Mandate and on the basis that no further Shares are issued and/or repurchased by the Company between the Latest Practicable Date and the date of the SGM, the Company would be allowed under the New General Mandate to allot and issue up to 199,291,710 Shares, being 20% of the total number of Shares in issue as at the Latest Practicable Date.

REASONS FOR THE NEW GENERAL MANDATE

As explained in the paragraph headed "Current General Mandate" above, as at the Latest Practicable Date, the Current General Mandate had been utilised as to 160,000,000 placing Shares having been issued and allotted, being approximately 95.9% of the entire number of Shares which may be allotted and issued under the Current General Mandate. 6,843,710 Shares under the Current General Mandate, being approximately 4.1% of the entire number of Shares which may be allotted and issued under the Current General Mandate, remained outstanding.

The Board believes that granting of the New General Mandate is in the best interests of the Company and the Shareholders as a whole by maintaining the financial flexibility necessary for the Group's future business development. The Board considers equity financing to be an important avenue of resources to the Group since it does not create any interest paying obligations on the Group. In appropriate circumstances, the Group will also consider other financing methods such as debt financing or internal cash resources to fund its future business development. While the Board considers that there is no immediate funding need for the Group's current operations and that there is currently no concrete proposal presented by potential investors for investment in the Shares, the Board is now proposing to seek the approval of Independent Shareholders at the SGM of the New General Mandate such that should future funding needs arise or attractive terms for investment in the Shares become available from potential investors, the Board will be able to respond to the market promptly.

There has not been any refreshment of the Current General Mandate since the AGM. The following table summarises the use of the Current General Mandate since the AGM:

Date of initial announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds as at the Latest Practicable Date
15 June 2007	Top-up placing of 160,000,000 Shares by the Company with CITIC Securities Corporate Finance (HK) Limited being the placing agent	Approximately HK$113 million	To finance the possible acquisition of or participation in, any potential investments or projects which is/are in line with the principal business of the Group and considered by the Directors to be in the interests of the Company and the Shareholders as a whole, and/or as the general working capital of the Group.	The net proceeds have not yet been fully utilised. It is expected that the net proceeds will be utilised as intended.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprises Mr. Benedict Tai, Mr. Lim Yew Kong, John and Mr. Puongpun Sananikone, all being the independent non-executive Directors. It has been established to advise the Independent Shareholders on the granting of the New General Mandate.

Nuada has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the granting of the New General Mandate.

The Independent Board Committee and the Directors, having taken into account the advice of Nuada, consider that the granting of the New General Mandate is in the interests of the Company and the Shareholders as a whole and is fair and reasonable so far as the Independent Shareholders are concerned and accordingly recommends the Independent Shareholders to vote in favour of the ordinary resolutions which will be proposed at the SGM for approving the granting of the New General Mandate.

The text of the letter from the Independent Board Committee is set out on page 25 of this circular and the text of the letter from Nuada containing its advice is set out on pages 26 to 32 of this circular.

SGM

A notice convening the SGM to be held at 11:00 a.m. on 5 September 2007 at 9th Floor Wincome Centre, Nos. 39-41 Des Voeux Road Central, Hong Kong is set out on pages 105 to 108 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 and the re-election of Mr. Sananikone as a Director at the SGM.

Pursuant to Rule 13.36(4)(a) of the Listing Rules, the New General Mandate requires the approval of the Independent Shareholders at the SGM at which any of the controlling Shareholders and their associates or, where there are no controlling Shareholders, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the relevant resolutions. As at the Latest Practicable Date, there is no controlling Shareholder. Accordingly, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the relevant resolutions. As at the Latest Practicable Date, Mr. Chan Tze Ngon and Mr. Tse Michael Nam, the executive Directors, beneficially owned 125,542,000 Shares and 30,000,000 Shares respectively. Mr. Chan Tze Ngon and Mr. Tse Michael Nam shall abstain from voting in favour of the relevant resolutions to approve the New General Mandate. Save as disclosed, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no other Directors beneficially held any Shares as at the Latest Practicable Date. Further, pursuant to Rule 13.39(4)(b) of the Listing Rules, any vote of the Independent Shareholders at the SGM will be taken by poll.

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.

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 is 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, including but not limited to the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares upon the exercise of the Convertible Bonds.

The Directors also consider that the re-election of Mr. Sananikone as an independent non-executive Director is 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 resolution to be proposed at the SGM.

Your attention is drawn to the letter of advice from Nuada set out on pages 26 to 32 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in connection with the granting of the New General Mandate and the letter from the Independent Board Committee set out on page 25 of this circular which contains its recommendation to the Independent Shareholders in relation to the granting of the New General Mandate. The Independent Board Committee, having taken into account the advice of Nuada in relation to the New General Mandate, is of the opinion that the New General Mandate is in the best interest of the Company and is fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, the Board also recommends the Independent Shareholders to vote in favour of the ordinary resolutions for the grant of New General Mandate 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

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)

16 August 2007

To the Independent Shareholders

Dear Sir or Madam,

REFRESHMENT OF GENERAL MANDATE TO ALLOT AND ISSUE SHARES

We refer to the circular of the Company dated 16 August 2007 (the "**Circular**") of which this letter forms part. Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as defined in the Circular.

We have been appointed by the Board to advise the Independent Shareholders as to whether the terms of the proposed grant of the New General Mandate are fair and reasonable so far as the Independent Shareholders are concerned. Nuada has been appointed as the independent financial adviser to advise us in this respect.

Having considered the principal reasons and factors considered by, and the advice of, Nuada as set out in its letter of advice to us on pages 26 to 32 of the Circular, we are of the opinion that the granting of the New General Mandate is in the interests of the Company and the Shareholders as a whole and is fair and reasonable so far as the Company and the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM to approve the granting of the New General Mandate.

Yours faithfully
For and on behalf of the Independent Board Committee

Mr. Benedict Tai	**Mr. Lim Yew Kong, John**	**Mr. Puongpun Sananikone**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

* *for identification purpose only*

The following is the text of the letter of advice to the Independent Board Committee and the Independent Shareholders from Nuada Limited dated 16 August 2007 prepared for incorporation in this Circular.

Nuada Limited
Corporate Finance Advisory

7th Floor, New York House
60 Connaught Road Central
Hong Kong

16 August 2007

To the Independent Board Committee
and the Independent Shareholders of
Venture International Investment Holdings Limited

Dear Sirs,

PROPOSED REFRESHMENT OF GENERAL MANDATE TO ALLOT AND ISSUE SHARES

INTRODUCTION

We refer to the circular to the Shareholders dated 16 August 2007 (the "**Circular**") issued by the Company and our appointment as independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the proposed refreshment of general mandate to issue and allot shares of the Company, details of which are set out in the letter from the Board contained in the Circular (the "**Letter**"). Capitalised terms used in this letter shall have the same meanings ascribed to them in the Circular unless the context otherwise requires.

Pursuant to Rules 13.36(4) of the Listing Rules, the granting of the New General Mandate of the Company is subject to the approval of the Independent Shareholders by way of poll at the SGM with the controlling Shareholders and their associates or, where there are no controlling Shareholders, Directors (excluding the independent non-executive Directors) and the chief executive and their respective associates abstain from voting in favour. As at the Latest Practicable Date, there is no controlling Shareholders. Accordingly, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the relevant resolutions. As at the Latest Practicable Date, Mr. Chan Tze Ngon and Mr. Tse Michael Nam, the executive Directors, beneficially owned 125,542,000 Shares and 30,000,000 Shares respectively. Mr. Chan Tze Ngon and Mr. Tse Michael Nam shall abstain from voting in favour of the relevant resolutions to approve the New General Mandate. Save as disclosed, to the best of the Directors' knowledge, information and belief and having made all reasonable inquiries, no other Directors beneficially hold any Shares as at the Latest Practicable Date.

The Independent Board Committee has been established to advise the Independent Shareholders in relation to the proposed granting of the New General Mandate.

BASIS OF OUR OPINION

In formulating our opinion, we have relied on the information, statements, opinions and representations supplied to us by the Company and the Directors and we have assumed that all such information, statements, opinions and representations contained or referred to in the Circular were true, accurate and complete at the time they were made and continue to be true at the date of the Circular, and we have relied on the same. We have also assumed that all statements of belief, opinion and intention of the Directors as set out in the Letter were reasonably made after due and careful inquiry. We have also sought and obtained confirmation from the Company that no material facts have been omitted from the information provided and referred to in the Circular. We consider that we have been provided sufficient information to enable us to reach an informed view regarding the proposed granting of the New General Mandate, and to justify reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis of our opinions. We have no reason to suspect that any material facts or information (which is known to the Company) have been omitted or withheld from the information supplied or opinions expressed in the Circular nor to doubt the truth and accuracy of the information and facts, or the reasonableness of the opinions expressed by the Company and the Directors which have been provided to us. We have not, however, carried out any independent verification on the information provided to us by the Directors, nor have we conducted an independent in-depth investigation into the business and affairs of the Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the proposed granting of the New General Mandate, we have taken the following principal factors and reasons into consideration:

Background

At the AGM, the Directors were granted the Current General Mandate to allot and issue up to 166,843,710 new Shares, representing 20% of the aggregate nominal amount of the issued share capital of the Company then in issue. As at the Latest Practicable Date, the Current General Mandate had been substantially utilized as to 160,000,000 Shares, being approximately 95.9% of the entire number of Shares which may be alloted and issued under the Current General Mandate, in association with the placing of new Shares which was announced on 16 June 2007 (the "Placement"). To maintain the financial flexibility necessary for the Group's future business development, the Directors therefore propose to seek the approval of the Independent Shareholders at the SGM for the granting of the New General Mandate.

The Company had an aggregate of 996,458,552 Shares in issue as at the Latest Practicable Date. Subject to the passing of the ordinary resolution(s) for the approval of the New General Mandate and assuming that no Shares are issued and/or repurchased by the Company between the Latest Practicable Date and the date of the SGM, the Company would be allowed under the New General Mandate to allot and issue up to 199,291,710 Shares.

Reasons for the New General Mandate

As advised by the Company, the Directors consider that equity financing to be an important avenue of resources to the Group since it does not create any interest paying obligations on the Group. While the Board considers that there is no immediate funding need for the Group's current operations and that there is currently no concrete proposal presented by potential investors for investment in Shares, the Board proposes to seek approval of the Independent Shareholders at the SGM for the New General Mandate such that should future funding needs arise or attractive terms for investment in Shares become available from potential investors, the Board will be able to respond to the market and such investment opportunities promptly.

Business development of the Group and flexibility in financing alternatives

The Group is principally engaged in the distribution of information technology products, the provision of computer technology services, the carrying on of the property agency business and the provision of management and consultancy services for the agricultural cultivation in the PRC.

The Group has engaged in the business of agricultural management through the acquisition of an entire equity interest in Huge Value in February 2007. Through the acquisition of Huge Value, the business of the Group has diversified into cultivation of licorice roots in the PRC. Reference is made to the announcement of the Company dated 14 February 2007 and the circular of the Company dated 7 March 2007 in relation to the acquisition of Huge Value by the Group. In order for the Group to strengthen the existing agricultural business, the Group has decided to invest in the cultivation of salix psammophila in the PRC by way of the proposed Acquisition. The Directors consider that the Acquisition could provide growth opportunities for the Group in the growing environmental protection industry with the increasing awareness of environmental issues in the PRC and worldwide. Details of the proposed Acquisition have been set out in the Letter.

The Directors consider that it would be prudent for the Group to have sufficient working capital for its newly acquired business. Furthermore, the Directors have always been proactive in seeking opportunities for diversifying the scope of business of the Group and therefore may require funding when such opportunities arise. Nevertheless, save for the Acquisition, the Board has not identified any other specific investment opportunities as at the Latest Practicable Date.

Given that the Current General Mandate has been substantially utilized, should any investment opportunities arise that would require the issuance of new Shares and a specific mandate has to be sought, the Directors are uncertain as to whether the requisite approval from Shareholders or Independent Shareholders, as the case may be, could be obtained in a timely manner. In addition, the New General Mandate offers an opportunity for the Directors to capture a favourable equity market condition to raise funds by issuing new Shares. Notwithstanding the fact that 6,843,710 Shares have not been utilized under the Current General Mandate (representing approximately 4.1% of the entire number of Shares which may be allotted and issued under the Current General Mandate) and the Group had no immediate funding need for its current operations and there is currently no concrete proposal presented by potential investors for investment in the Shares, the Directors believe that the New General Mandate would offer the Group higher flexibility to capture investment opportunities which may arise at any time and require prompt investment decision by the Group. The Directors also consider that the New General Mandate would provide the Company with the maximum flexibility to raise additional capital for any future investment or as working capital of the Group.

In light of the above, we are of the opinion that the New General Mandate would provide the Company with the necessary flexibility essential for fulfilling any possible funding needs for future business development and/or investment decisions in a timely manner. As such, we are of the view that the granting of the New General Mandate will be in the interest of the Company and the Shareholders as a whole.

Other financing alternative

As advised by the Company, the Board considers equity financing to be an important avenue of resources for the Group since it does not create any interest paying obligations on the Group. In appropriate circumstances, the Group will also consider other financing methods such as debt financing or internal cash resources to fund its future business development. While sufficient for its present requirements, there is no certainty that such cash resources will be adequate or other financing alternatives will be available for appropriate investment that may be identified by the Company in the future. In addition, debt financing may incur interest burden on the Group and may be subjected to lengthy due diligence and negotiations with the banks with reference to the Group's financial position, capital structure and the financial market condition at that time, the Directors consider that equity financing such as issuance of new Shares for cash or equity swaps may be an appropriate means to fund such investments and/or acquisitions and provide additional working capital for the future development and expansion of the Group.

We consider that the granting of the New General Mandate will provide the Company with an additional alternative and it is reasonable for the Company to have the flexibility in deciding the financing methods for its future development, including equity issuance. As such, we are of the view that the granting of the New General Mandate will be in the interest of the Company and the Shareholders as a whole.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Set out below are the fund raising activities conducted by the Company in the past twelve months, including the Placement:

Date of initial announcement	Description	Net proceeds (approximately)	Intended use of proceeds	Actual use of proceeds as at the Latest Practicable Date
22 January 2007	Placing of 110,000,000 new Shares	HK$23.5 million	To be applied as general working capital of the Group	All the proceeds has been utilized as intended
15 June 2007	Top-up placing of 160,000,000 new Shares	HK$113 million	To finance the possible acquisition of or participation in, any potential investments or projects and/or as the general working capital of the Group	The net proceeds have not yet been fully utilized. It is expected that the net proceeds will be utilized as intended.

Save for disclosed herein, the Company has not conducted any equity fund raising activities in the past twelve months immediately preceding the Latest Practicable Date.

As stated in the above table, we note that the net proceeds from the Placement under the Current General Mandate has not been fully utilized as the Latest Practicable Date. However, having taken into account the Company has been proactive in seeking investment opportunities for diversifying the scope of business of the Group, we consider it is prudent and reasonable for the Group to maintain a strong capital base while additional funding may be needed for acquisition of potential business and/or investment opportunities as they may arise from time to time. We are of the view that the New General Mandate could provide the Company with flexible financing option to raise additional capital for any future investment or as working capital of the Group and therefore is fair and reasonable.

POTENTIAL DILUTION TO SHAREHOLDINGS OF THE PUBLIC SHAREHOLDERS

Set out below is a table showing the shareholding structure of the Company as at the Latest Practicable Date, and, for illustrative purpose, the potential dilution effect upon full utilization of the New General Mandate, assuming no other Shares are issued and/or repurchased by the Company.

Shareholders	**At the Latest Practicable Date**		**Upon full utilization of the New General Mandate**	
	No. of Shares held	*Shareholding % (approximately)*	*No. of Shares held*	*Shareholding % (approximately)*
Mr. Chan Tze Ngon *(Note 1)*	125,542,000	12.60	125,542,000	10.50
Mr. Tse Michael Nam *(Note 2)*	30,000,000	3.01	30,000,000	2.51
Public:				
Galaxy China Opportunities Fund	90,810,000	9.11	90,810,000	7.59
Deutsche Bank Aktiengesellschaft	85,000,000	8.53	85,000,000	7.11
Credit Suisse Group	92,166,000	9.25	92,166,000	7.71
Other public Shareholders	572,940,552	57.50	572,940,552	47.91
Shares to be issue under the New General Mandate	–	–	199,291,710	16.67
Total	996,458,552	100.00	1,195,750,262	100.00

Notes:

1. Mr. Chan Tze Ngon is an executive Director.

2. Mr. Tse Michael Nam is the chairman of the Company and an executive Director.

As illustrated in the table above, the aggregate shareholding of the existing public Shareholders will decrease from approximately 84.39% as at the Latest Practicable Date to approximately 70.32% upon full utilization of the New General Mandate, assuming no other Shares are issued and/or repurchased by the Company.

Taking into account the benefits of the New General Mandate as discussed above and the fact that the shareholdings of all Shareholders will be diluted proportionately, we consider such dilution or potential dilution of shareholding to be acceptable.

TERMS OF THE NEW GENERAL MANDATE

Shareholders should note that in view of the provisions and requirements under Rule 13.36(3) of the Listing Rules, the Current General Mandate will be revoked upon approval at the SGM of the New General Mandate which will be and continue to be in force until the earliest of (i) the conclusion of the Company's next annual general meeting; (ii) the expiration of the period within which the next annual general meeting of the

Company is required by the articles of association of the Company or any applicable law to be held; and (iii) the revocation or variation of the authority given under the relevant resolution to be proposed at the SGM by ordinary resolution of the Shareholders in general meeting.

We are of the view that the terms of the New General Mandate are fair and reasonable so far as the Independent Shareholders are concerned.

RECOMMENDATIONS

Having considered the above principal factors and reasons, we are of the view that the granting of the New General Mandate is fair and reasonable and in the interest of the Company and the Shareholders as a whole. Accordingly, we would recommend the Independent Shareholders and advise the Independent Board Committee to recommend to the Independent Shareholders to vote in favour of the relevant resolution(s) to be proposed at the SGM.

Independent Shareholders are however advised to take note of the possible dilution effect on their shareholding interests in the Company when and if the New General Mandate is utilized.

For and on behalf of
Nuada Limited
Po Chan
Executive Director

(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 2006. The auditors' reports on the financial statements of the Group for each of the three years ended 31 December 2006 did not contain any qualifications.

	Year ended 31 December		
	2006	2005	2004
RESULTS	*HK$'000*	*HK$'000*	*HK$'000*
TURNOVER			
Continuing operations	58,740	128,884	237,841
Discontinued operations	–	96,224	–
	58,740	225,108	237,841
Cost of sales	(46,069)	(207,990)	(210,676)
Gross profit	12,671	17,118	27,165
LOSS FROM OPERATION	(11,608)	(38,676)	(29,232)
Finance costs	(25)	(840)	(523)
Loss on disposal of subsidiaries relating to discontinued operations	–	(22,213)	–
LOSS BEFORE TAX			
Continuing operations	(11,633)	(12,406)	(29,755)
Discontinued operations	–	(4,897)	–
	(11,633)	(39,516)	(29,755)
Tax			
Continuing operations	1,642	2,413	(175)
Discontinued operations	–	(740)	–
	1,642	1,673	(175)
LOSS BEFORE MINORITY INTERESTS	(9,991)	(37,843)	(29,930)
Minority interests	–	2,171	3,077
NET LOSS FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS	(9,991)	(35,672)	(26,853)
LOSS PER SHARE			
Basic	HK$0.02	HK$0.07	HK$0.05
Diluted	N/A	N/A	N/A
ASSETS AND LIABILITIES			
Total assets	239,399	202,868	325,450
Total liabilities	(68,407)	(47,559)	(190,306)
	170,992	155,309	135,144
Minority interests	–	–	(4,454)
Shareholders' funds	170,992	155,309	130,690

(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 2006.

Consolidated Income Statement
Year ended 31 December 2006

	Notes	**2006** *HK$'000*	**2005** *HK$'000*
CONTINUING OPERATIONS			
Revenue	*6*	58,740	128,884
Direct costs		(46,069)	(119,990)
Gross profit		12,671	8,894
Other income	*6*	10,915	8,902
Selling and distribution expenses		(3,555)	(4,039)
Administrative expenses		(27,897)	(23,948)
Other expenses		(542)	(1,046)
Impairment loss of goodwill	*15*	–	(602)
Impairment loss of available-for-sale investment		(3,200)	–
LOSS FROM CONTINUING OPERATIONS		(11,608)	(11,839)
Finance costs	*9*	(25)	(567)
LOSS BEFORE TAX		(11,633)	(12,406)
Income tax income	*10*	1,642	2,413
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS	*7*	(9,991)	(9,993)
DISCONTINUED OPERATION			
Loss for the year from discontinued operation	*32(b)*	–	(27,850)
Loss for the year		(9,991)	(37,843)

	Notes	2006 HK$'000	2005 HK$'000
Attributable to:			
Equity holders of the parent		(9,991)	(35,672)
Minority interests		–	(2,171)
		(9,991)	(37,843)
LOSS PER SHARE FROM CONTINUING AND DISCONTINUED OPERATIONS	11		
Basic (HK$ per share)		0.02	0.07
Diluted (HK$ per share)		N/A	N/A

Consolidated Balance Sheet
Year ended 31 December 2006

	Notes	2006 HK$'000	2005 HK$'000
NON-CURRENT ASSETS			
Fixed assets	12	1,379	1,916
Intangible assets	13	47,501	12,772
Available-for-sale investments	16	–	91,700
		48,880	106,388
CURRENT ASSETS			
Inventories	17	8,857	3,444
Trade receivables	18	22,464	24,718
Prepayments, deposits and other receivables	19	20,353	16,006
Available-for-sale investments	16	66,591	–
Pledged time deposits	21	15,624	139
Bank balances and cash	21	56,630	52,173
		190,519	96,480
TOTAL ASSETS		239,399	202,868
CURRENT LIABILITIES			
Trade payables	22	2,336	2,002
Tax liabilities		6,938	8,993
Accrued liabilities and other payables	23	59,115	35,525
Bank overdrafts	24	18	626
Current portion of obligation under finance lease	25	–	203
		68,407	47,349
NET CURRENT ASSETS		122,112	49,131

	Notes	2006 HK$'000	2005 HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES		170,992	155,519
NON-CURRENT LIABILITIES			
Obligation under finance lease	*25*	–	51
Deferred tax liabilities	*26*	–	159
		–	210
NET ASSETS		170,992	155,309
CAPITAL AND RESERVES			
Share capital	*27*	67,500	55,735
Reserves	*29(a)*	103,492	99,574
TOTAL EQUITY		170,992	155,309

Consolidated Statement of Changes in Equity

Year ended 31 December 2006

	Share capital	Share premium	Contributed surplus	Goodwill reserve	Exchange fluctuation reserve	Revaluation reserve	Share options reserve	Accumulated losses	Sub-total of reserves	Minority interest	Total
	HK$'000 *(note 27)*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
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
Written 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
At 1 January 2006	55,735	342,312	(19)	–	394	10,228	–	(253,341)	99,574	–	155,309
Issue of consideration shares	11,765	235	–	–	–	–	–	–	235	–	12,000
Recognition of equity-settled share based payments	–	–	–	–	–	–	1,505	–	1,505	–	1,505
Currency translation differences	–	–	–	–	738	–	–	–	738	–	738
Fair value gain on available-for-sale investment	–	–	–	–	–	11,431	–	–	11,431	–	11,431
Net loss for the year	–	–	–	–	–	–	–	(9,991)	(9,991)	–	(9,991)
At 31 December 2006	67,500	342,547	(19)	–	1,132	21,659	1,505	(263,332)	103,492	–	170,992

Consolidated Cash Flow Statement
Year ended 31 December 2006

	Notes	2006 HK$'000	2005 HK$'000
OPERATING ACTIVITIES			
Loss before tax			
Continuing operations		(11,633)	(12,406)
Discountinued operation	32(b(1))	–	(4,897)
		(11,633)	(17,303)
Adjustments for:			
Interest income	6	(547)	(594)
Amortisation of intangible assets	13	97	811
Depreciation	12	1,520	2,255
Impairment loss recognised in respect of goodwill	15	–	602
Impairment loss of unlisted available-for-sale investment	7	3,200	–
Write-off of fixed assets	7	151	56
(Profit) Loss on disposal of fixed assets, net	6	(400)	4
Profit on disposal of listed available-for-sale investment	6	(9,290)	–
Excess of net assets over cost of a business combination		–	(2,234)
Finance costs	9	25	840
Other income		–	(4)
Waiver by the buyer of a subsidiary of an amount due by the Group		–	18,615
Provision for doubtful debts, net		–	843
Share-based payments	7	1,505	–
Operating (loss) profit before movements in working capital		(15,372)	3,891
Movements in working capital	30	14,465	(28,261)
Cash used in operations		(907)	(24,370)
PRC income tax paid		(620)	(1,078)
Net cash used in operating activities		(1,527)	(25,448)
Net cash used in operating activities:			
Continuing operations		(1,527)	(11,298)
Discontinued operation	32(c)	–	(14,150)
		(1,527)	(25,448)

	Notes	2006 HK$'000	2005 HK$'000
INVESTING ACTIVITIES			
Purchases of fixed assets	12	(537)	(1,001)
Acquisition of computer software	13	(1,796)	–
Repayment by an investee company		–	23,045
(Increase) Decrease in pledged time deposits		(15,485)	5,002
Decrease in non-pledged time deposits with original maturity of more than three months when acquired		–	33,962
Interest received		547	594
Acquisition of subsidiary, net of cash acquired	31(c)	(19,639)	(5,909)
Proceeds from disposal of fixed assets		400	–
Proceeds from disposal of listed available-for-sale investment, net		42,630	–
Proceeds from disposal of a subsidiary, net of cash of the subsidiary disposed of		–	3,323
Effect of changes in foreign exchange rate, net		751	(415)
Net cash generated by investing activities		6,871	58,601
Net cash generated by (used in) investing activities:			
Continuing operations		6,871	59,350
Discontinued operation	32(c)	–	(749)
		6,871	58,601

	Notes	2006 HK$'000	2005 HK$'000
FINANCING ACTIVITIES			
New inception of bank loans		–	47,115
New inception of other loans		–	6,500
Repayment of bank loans		–	(69,865)
Repayment of other loans		–	(8,060)
Decrease in loan under trust receipt		–	(1,170)
Interest paid		(1)	(805)
Payment of finance lease:			
capital element		(254)	(275)
interest element		(24)	(35)
Net cash used in financing activities		(279)	(26,595)
Net cash generated by (used in) financing activities:			
Continuing operations		(279)	(26,955)
Discontinued operation	32(c)	–	360
		(279)	(26,595)
NET INCREASE IN CASH AND CASH EQUIVALENTS		5,065	6,558
Cash and cash equivalents at beginning of the year		51,547	44,989
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		56,612	51,547
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		56,630	52,173
Bank overdraft, secured		–	(626)
Bank overdraft, unsecured		(18)	–
		56,612	51,547

Balance Sheet
At 31 December 2006

	Notes	**2006** *HK$'000*	**2005** *HK$'000*
NON-CURRENT ASSETS			
Fixed assets	*12*	136	254
Interests in subsidiaries	*14*	99,690	100,847
		99,826	101,101
CURRENT ASSETS			
Prepayments, deposits and other receivables		650	515
Bank balances and cash	*21*	31	30
		681	545
TOTAL ASSETS		100,507	101,646
CURRENT LIABILITIES			
Accrued liabilities and other payables	*23*	2,167	4,037
Amount due to an investee company		82	–
Bank overdraft	*24*	10	598
Current portion of obligation under finance lease	*25*	–	203
		2,259	4,838
NET CURRENT LIABILITIES		(1,578)	(4,293)
TOTAL ASSETS LESS CURRENT LIABILITIES		98,248	96,808
NON-CURRENT LIABILITIES			
Obligation under finance lease	*25*	–	51
		98,248	96,757
CAPITAL AND RESERVES			
Share capital	*27*	67,500	55,735
Reserves	*29(b)*	30,748	41,022
		98,248	96,757

Notes to Financial Statements

31 December 2006

1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

Venture International Investment Holdings Limited (formerly know as "Technology Venture Holdings Limited") ("the Company") and its subsidiaries (together "the Group") distribute and sell computer hardware and software products, provide computer technology and real estate consultancy service. The Group has its operation principally in Mainland China.

The Company is a limited liability company incorporated in Bermuda. The address of its registered office is 9/F, Wincome Centre, No. 39-41 Des Voeux Road Central, 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).

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.

Adoption of HKFRS

In 2006, the HKICPA has issued new and revised HKFRS that are effective or available for early adoption for the current accounting period of the Group. The Group adopts the standard, amendments and interpretation, which are relevant to its operation.

The adoption of these new and revised HKFRS did not result in changes to the Group's accounting policies.

The Group has not early adopted the following new and revised HKFRS that have been issued but not yet effective for the current accounting period. It is not expected to have any significant impact on the Group's financial statements.

HKAS 1 (Amendment)	Capital Disclosures[1]
HKFRS 7	Financial Instruments: Disclosures[1]
HKFRS 8	Operating segment[2]
HK(IFRIC)-int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies[3]
HK(IFRIC)-int 8	Scope to HKFRS 2[4]
HK(IFRIC)-int 9	Reassessment of Embedded Derivatives[5]
HK(IFRIC)-int 10	Interim Financial Reporting and Impairment[6]

1 Effective for annual period beginning on or after 1 January 2007
2 Effective for annual period beginning on or after 1 January 2009
3 Effective for annual period beginning on or after 1 March 2006
4 Effective for annual period beginning on or after 1 May 2006
5 Effective for annual period beginning on or after 1 June 2006
6 Effective for annual period beginning on or after 1 November 2006

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 which are different from 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 improvements	$33^1/_3$% or over the lease terms, whichever is lower
–	Vehicles	$33^1/_3$%
–	Furniture, fittings and equipment	20% to $33^1/_3$%

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.

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) Trade receivables, deposits, other receivables and prepayments

Trade receivables, deposits, other receivables and prepayments 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 or 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, 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) Trade payables

Trade payables, other payable and amount due to an investee company 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 Provisions

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, useful lives of computer software 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 four 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;

(c) IT management and support segment which provides IT services to small and medium-sized property agents;

(d) the real estate consultancy service which serves the Shanghai property market.

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.

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

(i) Business segments

The following tables present revenue, result 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	
	2006	2005	2006	2005	2006	2005
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue:						
Sales to external customers	51,867	124,899	644	3,462	3,440	523
Inter-segment sales	–	–	–	–	–	–
Interest income	452	550	–	–	1	2
Other income	407	5,514	270	12	–	–
Total	52,726	130,963	914	3,474	3,441	525
Segment results	(7,991)	(2,017)	536	1,527	1,433	141
Unallocated interest income						
Unallocated gains						
Unallocated expenses						
Loss from continuing operations						
Finance costs						
Loss before tax						
Income tax						
Loss for the year from continuing operations						
Segment assets	149,819	152,434	150	77	18,408	14,206
Unallocated assets:						
Available-for-sale investments						
Others						
Total assets						
Segment liabilities	(98,779)	(89,919)	(469)	(1,118)	(1,526)	(589)
Unallocated liabilities						
Bank overdrafts included in segment liabilities						
Total liabilities						

	Real estate consultancy service		Eliminations		Consolidated	
	2006	2005	2006	2005	2006	2005
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue:						
Sales to external customers	2,789	–	–	–	58,740	128,884
Inter-segment sales	–	–	–	–	–	–
Interest income	–	–	–	–	453	552
Other income	–	–	–	–	677	5,526
Total	2,789	–	–	–	59,870	134,962
Segment results	(2,828)	–	–	–	(8,850)	(349)
Unallocated interest income					94	41
Unallocated gains					9,691	2,783
Unallocated expenses					(12,543)	(14,314)
Loss from continuing operations					(11,608)	(11,839)
Finance costs					(25)	(567)
Loss before tax					(11,633)	(12,406)
Income tax					1,642	2,413
Loss for the year from continuing operations					(9,991)	(9,993)
Segment assets	35,976	–	(47,707)	(58,392)	156,646	108,325
Unallocated assets:						
Available-for-sale investments					66,591	91,700
Others					16,162	2,843
Total assets					239,399	202,868
Segment liabilities	(5,305)	–	47,707	58,392	(58,372)	(33,234)
Unallocated liabilities					(10,017)	(13,699)
Bank overdrafts included in segment liabilities					(18)	(626)
Total liabilities					(68,407)	(47,559)

	Banking and finance systems integration services		Software solutions for banks and the public sector		IT management and support		Real estate consultancy service		Eliminations		Consolidated	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Other segment information:												
Cash and bank balances included in segment assets	56,452	51,616	2	28	33	489	105	–	–	–	56,592	52,133
Unallocated amounts											38	40
											56,630	52,173
Pledged time deposits included in segment assets	15,624	139	–	–	–	–	–	–	–	–	15,624	139
Depreciation and amortisation	1,189	1,310	–	500	24	–	159	–	–	–	1,372	1,810
Unallocated amounts											148	445
											1,520	2,255
Provision for doubtful debts, net	273	1,042	–	3	–	–	255	–	–	–	528	1,045
Other non-cash expenses	(1)	–	–	(2)	–	–	(148)	–	–	–	(149)	(2)
Unallocated amounts											(2)	(56)
											(151)	(58)
Capital expenditure	4	322	–	388	112	62	390	–	–	–	506	772
Unallocated amounts											31	295
											537	1,067

(ii) 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	
	2006	2005	2006	2005	2006	2005	2006	2005
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue:								
Sales to external customers	540	524	58,200	128,360	–	–	58,740	128,884
Segment assets	593,508	569,409	128,147	95,673	(548,847)	(553,914)	172,808	111,168
Unallocated amounts:								
Available-for-sale investments							66,591	91,700
							239,399	202,868
Other segment information:								
Capital expenditure	31	295	506	772	–	–	537	1,067

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	
	2006	2005
	HK$'000	*HK$'000*
Continuing Operations:		
Revenue		
Sale of goods	34,181	110,958
Rendering of computer technology services	21,770	17,926
Rendering of real estate consultancy services	2,789	–
	58,740	128,884
Other income		
Interest income	547	594
Reversal of over-provision of business tax in previous years	195	5,285
Excess of interest in the net fair value of acquiree's identifiable assets and liabilities over cost of acquisition of a subsidiary	–	2,234
Gain on disposal of listed available-for-sales investment	9,290	–
Gain on disposal of fixed asset	400	–
Government tax subsidies	401	453
Sundry income	82	336
	10,915	8,902
	69,655	137,786

7. LOSS FOR THE YEAR FROM CONTINUING OPERATIONS

The Group's loss from continuing operations has been arrived at after charging (crediting):

		2006	2005
	Notes	*HK$'000*	*HK$'000*
Costs of inventories sold and services rendered		46,069	119,990
Depreciation	*12*	1,520	1,754
Amortisation of computer software	*13*	97	–
Impairment loss recognised in respect of goodwill		–	602
Impairment loss of an unlisted investment – Beijing Dongshi Shuangwei Education Technology Co., Limited		3,200	–
Equity settled share-based payments		1,505	–
Payments under operating leases in respect of land and buildings		2,328	3,171
Auditor's remuneration		850	897
Staff costs, excluding directors' remuneration:			
Salaries		11,432	10,750
Contribution to defined benefit retirement plans:			
Mainland China		1,499	1,394
Hong Kong		112	115
Other benefits		2,588	1,405
		15,631	13,664
Net exchange gains		(455)	(747)
Provision for doubtful debts		528	1,045
Write-off of fixed assets		151	56

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	
	2006	**2005**
	HK$'000	*HK$'000*
Independent non-executive directors:		
Fees	499	550
Share-based payments	102	–
	601	550
Executive directors:		
Basic salaries, allowances and benefits in kind	5,446	6,424
Contributions to mandatory provident fund	30	37
	5,476	6,461
	6,077	7,011

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

	Number of directors	
	2006	**2005**
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	Share-based payments	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
(1) Executive					
Chan Tze Ngon	–	2,686	12	–	2,698
Wu Emmy (resigned on 10 October 2006)	–	2,123	10	–	2,133
Tang Kin Hung (resigned on 26 May 2006 and reappointed on 10 October 2006)	–	637	8	–	645
(2) Independent Non-executive					
Lo Siew Kiong, John (resigned on 23 June 2006)	95	–	–	–	95
Fu Yan Yan	175	–	–	34	209
Wang Xi Ling	150	–	–	34	184
Tai Benedict (appointed on 23 June 2006)	79	–	–	34	113
	499	5,446	30	102	6,077

(c) **Five highest paid employees**

The five highest paid employees included three (2005: three) directors during the year, details of whose remuneration are set out above.

Details of the remuneration of the remaining two (2005: two) non-director, highest paid employees are as follows:

	2006	2005
	HK$'000	*HK$'000*
Basic salaries, other allowances and benefits in kind	1,401	1,241
Contributions to mandatory provident fund	24	24
	1,425	1,265

The remuneration of each of the non-director, highest paid employees for the year ended 31 December 2006 and 2005 fell within 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 2006 HK$'000	2005 HK$'000
Interest on bank and other borrowing wholly repayable within five years	1	532
Interest on finance leases	24	35
	25	567

10. GROUP INCOME TAX INCOME

	2006 HK$'000	2005 HK$'000
Current tax on continuing operations:		
Hong Kong	–	–
Mainland China	784	1,160
Overprovision in previous years	(2,267)	(3,499)
	(1,483)	(2,339)
Deferred tax *(Note 26)*	(159)	(74)
Tax income	(1,642)	(2,413)

The current tax charge principally relate to continuing operations of the following subsidiaries.

Companies	**Income tax rate**
Topasia Tech (Shanghai) Limited	27%
Topasia IT Service (Shanghai) Company Limited	33%

The tax income for the year can be reconciled to the loss per the consolidated income statement as follows:

	2006 HK$'000	2005 HK$'000
Loss before tax	(11,633)	(12,406)
Tax credit at rates applicable to losses in the countries concerned	(8,026)	(7,828)
Income not subject to tax	(1,782)	(9,679)
Expenses not deductible for tax purpose	10,452	18,663
Effect of tax loss carried forward	–	4
Effect of utilisation of tax losses brought forward	(19)	–
Tax charge at the Group's effective rate	625	1,160
Overprovision of tax in previous years	(2,267)	–
Adjustments in respect of current tax of previous years	–	(3,573)
Tax income for the year	(1,642)	(2,413)

The Group has tax losses arising in Hong Kong of approximately HK$18,000,000 (2005: 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 ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2006	**2005**
	HK$'000	*HK$'000*
Loss attributable to equity holders of the Company:		
Continuing operations	9,991	7,822
Discontinued operation	–	27,850
	9,991	35,672
Weighted average number of ordinary shares in issue (thousands)	606,667	516,048
Basic loss per share (HK$ per share):		
Continuing operations	0.02	0.02
Discontinued operation	–	0.05
Total	0.02	0.07

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 1 January 2005	3,647	24,928	2,570	31,145
Additions	250	660	91	1,001
Acquired on acquisition of subsidiaries	–	66	–	66
Eliminated on disposal of a subsidiary	(624)	(3,137)	(244)	(4,005)
Disposals	–	(15)	–	(15)
Written off	(1,716)	(1,819)	(277)	(3,812)
Exchange adjustments	–	68	16	84
At 31 December 2005	1,557	20,751	2,156	24,464
Additions	347	190	–	537
Acquired on acquisition of subsidiaries	–	600	–	600
Disposals	–	–	(1,015)	(1,015)
Written off	(505)	(5,614)	–	(6,119)
Exchange adjustments	2	68	26	96
At 31 December 2006	1,401	15,995	1,167	18,563
Accumulated depreciation:				
At 1 January 2005	3,529	21,258	1,757	26,544
Provided during the year	91	1,589	575	2,255
Eliminated on disposal of a subsidiary	(624)	(1,724)	(176)	(2,524)
Acquired on acquisition of subsidiaries	–	1	–	1
Disposals	–	(11)	–	(11)
Written off	(1,660)	(1,819)	(277)	(3,756)
Exchange adjustments	–	31	8	39
At 31 December 2005	1,336	19,325	1,887	22,548
Provided during the year	174	1,196	150	1,520
Acquired on acquisition of subsidiaries	–	42	–	42
Disposals	–	–	(1,015)	(1,015)
Written off	(380)	(5,588)	–	(5,968)
Exchange adjustments	–	38	19	57
At 31 December 2006	1,130	15,013	1,041	17,184
Carrying amounts:				
At 31 December 2006	271	982	126	1,379
At 31 December 2005	221	1,426	269	1,916
Carrying amounts of assets under finance lease:				
At 31 December 2006	–	–	–	–
At 31 December 2005	–	–	8	8

Company

	Leasehold improvements	Furniture, fixtures and equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cost:				
At 1 January 2005	1,715	1,047	1,295	4,057
Additions	189	106	–	295
Written off	(1,716)	–	–	(1,716)
At 31 December 2005	188	1,153	1,295	2,636
Additions	–	31	–	31
Disposals	–	–	(1,015)	(1,015)
Written off	–	(101)	–	(101)
At 31 December 2006	188	1,083	280	1,551
Accumulated depreciation:				
At 1 January 2005	1,614	1,015	968	3,597
Provided during the year	78	48	319	445
Eliminated on disposals	(1,660)	–	–	(1,660)
At 31 December 2005	32	1,063	1,287	2,382
Provided during the year	94	45	8	147
Eliminated on disposals	–	–	(1,015)	(1,015)
Written off	–	(99)	–	(99)
At 31 December 2006	126	1,009	280	1,415
Carrying amounts:				
At 31 December 2006	62	74	–	136
At 31 December 2005	156	90	8	254

13. INTANGIBLE ASSETS

Group

	Computer software	Goodwill	Deferred development cost	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cost:				
At 1 January 2005	–	–	6,869	6,869
Additions	–	12,772	–	12,772
Eliminated on disposal of a subsidiary	–	–	(2,636)	(2,636)
Written off	–	–	(4,233)	(4,233)
At 31 December 2005	–	12,772	–	12,772
Accumulated amortisation:				
At 1 January 2005	–	–	5,482	5,482
Amortisation during the year	–	–	811	811
Eliminated on disposal of a subsidiary	–	–	(2,060)	(2,060)
Written off	–	–	(4,233)	(4,233)
At 31 December 2005	–	–	–	–
Carrying amounts:				
At 31 December 2005	–	12,772	–	12,772
Cost:				
At 1 January 2006	–	12,772	–	12,772
Additions *(Note 31)*	1,796	33,033	–	34,829
At 31 December 2006	1,796	45,805	–	47,601
Accumulated impairment:				
At 1 January 2006	–	–	–	–
Amortisation during the year	97	–	–	97
Exchange difference	3	–	–	3
At 31 December 2006	100	–	–	100
Carrying amounts:				
At 31 December 2006	1,696	45,805	–	47,501

14. INTERESTS IN SUBSIDIARIES

	Company 2006 HK$'000	Company 2005 HK$'000
Unlisted shares, at cost	39,631	39,631
Due from subsidiaries	327,452	328,639
Due to subsidiaries	(2,011)	(2,041)
	365,072	366,229
Accumulated impairment	(265,382)	(265,382)
	99,690	100,847

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 2006	Proportion of ownership interest 2005	Principal activities
Held directly:					
Technology Venture Investments Limited	British Virgin Islands/ Hong Kong	Ordinary US$1,000	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	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
Topasia Tech (Shanghai) Limited *(note i)*	Mainland China	Registered Capital US$3,800,000	100	100	Distribution of information technology products and provision of computer technology services

Company	Place of incorporation/ and operations	Nominal value of paid-up share/ registered capital	Proportion of ownership interest 2006	2005	Principal activities
Topasia IT Service (Shanghai) Company Limited *(note ii)*	Mainland China	Registered Capital US$1,000,000	100	100	Provision of systems integration and maintenance services
Acacia Asia Partners Limited	British Virgin Islands/ Mainland China	Ordinary US$1	100	100	Investment holding
Acacia Asia Partners Limited *(note iii)*	Mainland China	Registered Capital US$140,000	100	100	Network technology, software development and provision of technical support services
Grand Panorama Limited	British Virgin Islands/ Mainland China	Ordinary US$10,411	100	–	Investment holding
Conity Investment and Consultants (Shanghai) Company Limited *(note iv)*	Mainland China	Registered Capital US$140,000	100	–	Provision of real estate consulting agency services

Notes:

i. 冠亞科技(上海)有限公司 (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.

ii. 冠亞信息科技服務(上海)有限公司 (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.

iii. 上海阿加斯網絡科技有限公司 (Acacia Asia Partners Limited) is a wholly foreign owned enterprise established by Acacia Asia Partners Limited in Mainland China for a period of 20 years commencing from the date of issuance of its business licence on 20 July 2005.

iv. 上海搏創投資諮詢有限公司 (Conity Investment and Consultants (Shanghai) Company Limited) is a wholly foreign owned enterprise established by Grand Panorama Limited 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:

	2006	2005
	HK$'000	*HK$'000*
Goodwill acquired in business combinations:		
At beginning of the year	–	43,248
Eliminated on disposal of a subsidiary:		
Advanced Digital Technology Company Ltd *(Note 32b(2))*	–	(42,646)
Impairment losses:		
Sequent China/Hong Kong Limited	–	(602)
At end of the year	–	–

16. AVAILABLE-FOR-SALE INVESTMENTS

	Notes	2006	2005
		HK$'000	*HK$'000*
Current assets			
Listed, outside Hong Kong 7.48% (2005: 14.96%) in the share capital of ChinaCast Communication Holdings Limited	*(i)*	33,341	66,681
Revaluation surplus transferred to equity		21,659	10,228
		55,000	76,909
Unlisted, outside Hong Kong 20% in the registered capital of Beijing Dongshi Shuangwei Education Technology Company Limited	*(ii)*	11,591	14,791
		66,591	91,700

Notes:

i. In September 2006, the Group disposed of half of the 14.96% of equity shareholdings in ChinaCast Communication Holdings Limited ("ChinaCast") to a director, Mr. Chan Tze Ngon, for a consideration of SGD9,250,000.

ii. In October 2006, the Group entered into an agreement to dispose of its entire shareholding in Beijing Dongshi Shuangwei Education Technology Company Limited to an independent third party for a consideration of RMB12,000,000, payable by 4 installments.

17. INVENTORIES

	Group 2006	2005
	HK$'000	*HK$'000*
Information technology products held for resale, at cost	8,857	3,444

18. TRADE RECEIVABLES

	2006	2005
	HK$'000	*HK$'000*
Trade receivables	63,925	70,720
Less: Accumulated impairment	(41,461)	(46,002)
	22,464	24,718

The ageing analysis of the trade receivables at the balance sheet date, net of impairment losses, is as follows:

	Group 2006	2005
	HK$'000	*HK$'000*
Current to 90 days	10,430	13,865
91 days to 180 days	2,986	6,994
181 days to 365 days	6,540	3,289
Over 365 days	2,508	570
	22,464	24,718

At the balance sheet date, the amount of trade receivables includes the balance due from a related company of HK$156,525 (2005: Nil).

On average, the Group allows a credit period from one to six months to its trade customers.

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

There is no balance due from related parties included in the aggregate amount of prepayments, deposits and other receivables (2005: HK$335,443).

20. IMPAIRMENT OF GOODWILL

The directors regard the carrying amounts of investment in and the goodwill arising from the acquisition of Grand Panorama Limited have not been impaired due to the profit guarantees given by the vendors and good business prospect of the Shanghai property market in the medium term.

21. BANK BALANCES AND CASH

	Group		Company	
	2006	**2005**	**2006**	**2005**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cash and bank balances	16,723	52,173	31	30
Pledged time deposits	15,624	139	–	–
Other time deposits with original maturity of more than three months when acquired	39,907	–	–	–
	72,254	52,312	31	30
Less: Pledged time deposits	(15,624)	(139)	–	–
Cash and cash equivalents	56,630	52,173	31	30

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. The bank balances, pledged time deposits, and the other time deposits carried an average interest rate of approximately 3.75%.

The time deposits have been pledged to secure general banking facilities to a group company.

22. TRADE PAYABLES

	Group	
	2006	**2005**
	HK$'000	*HK$'000*
Trade payables	2,011	1,677
Amount due to certain minority shareholders	325	325
	2,336	2,002

The ageing analysis of trade payables as at the balance sheet date is as follows:

	Group	
	2006	**2005**
	HK$'000	*HK$'000*
Current to 90 days	234	–
91 days to 180 days	114	160
181 days to 365 days	200	8
Over 365 days	1,788	1,834
	2,336	2,002

There is no balance due to related parties included in the above amounts.

The range of credit period for payments of direct costs of products or services is from one to three months.

23. ACCRUED LIABILITIES AND OTHER PAYABLES

	Group		Company	
	2006	**2005**	**2006**	**2005**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Accrued expenses and other liabilities	59,115	35,525	2,167	4,037

24. BANK OVERDRAFTS

	Group		Company	
	2006	**2005**	**2006**	**2005**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Bank overdrafts repayable on demand:				
secured	–	626	–	598
unsecured	18	–	10	–
	18	626	10	598

As the balance sheet date, the Group's banking facilities were secured by the pledge of a group company's time deposits amounting to HK$15,624,000 (2005: HK$139,000). Corporate guarantees executed by the Company in favour of a bank had been cancelled (2005: HK$20 million).

The average effective interest rate of overdrafts was approximately 17.75%.

25. OBLIGATION UNDER FINANCE LEASE

Lease in respect of a motor vehicle:

	Group		Company	
	2006	**2005**	**2006**	**2005**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Amounts payable:				
Not later than 1 year	–	232	–	232
In the 2nd to 5th years	–	58	–	58
Total minimum finance lease payments	–	290	–	290
Future finance charges	–	(36)	–	(36)
Total obligation under finance lease	–	254	–	254
Classified into amounts payable:				
Not later than 1 year	–	203	–	203
In the 2nd to 5th years	–	51	–	51
	–	254	–	254

26. DEFERRED TAX LIABILITIES

	2006	2005
	HK$'000	*HK$'000*
At beginning of the year	159	233
Written off to income statement *(Note 10)*	(159)	(74)
At end of the year	–	159

The Group's deferred tax represented liabilities arising from accelerated depreciation allowances.

27. SHARE CAPITAL

	2006	2005
	HK$'000	*HK$'000*
Authorised:		
1,000,000,000 ordinary shares of HK$0.10 each	100,000	100,000
Issued and fully paid:		
674,998,552 ordinary shares of HK$0.10 each (2005: 557,351,493 shares)	67,500	55,735

During the year, 117,647,059 ordinary shares of the Company were issued at an issue price of HK$0.102 per share to independent third parties for part of the consideration of HK$30,000,000 for acquisition of 100% equity interest in Grand Panorama Limited.

A summary of the 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 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 and 1 January 2006	557,351,493	55,735	342,312	398,047
Issue of consideration shares	117,647,059	11,765	235	12,000
At 31 December 2006	674,998,552	67,500	342,547	410,047

28. SHARE-BASED PAYMENT TRANSACTIONS

The Company's current share option scheme (the "Scheme") was adopted by the shareholders on 30 May 2002 for the primary purpose of providing incentives to directors, employees and persons providing services to the Group. It will expire on 29 May 2012. Under the Scheme, the Board may grant options to eligible employees, including directors of the Company and its subsidiaries, suppliers and service providers to subscribe for shares in the Company.

At the balance sheet date, the number of shares options granted and remained outstanding under the Scheme was 53,860,000 (2005: 9,365,000), representing 7.98% (2005: 1.68%) of the shares of the Company in issue at that date. The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders and independent non-executive directors in excess of 0.1% of the Company's share capital or with a value in excess of HK$5 million must be approved in advance by the Company's shareholders.

HK$1.00 is payable on each grant. Options may be exercised at any time from the date of grant of the share option during the Option Period ending on 29 May 2012. The exercise price is determined by the directors of the Company, and will not be less than the higher of (i) the closing price of the Company's shares on the offer date of the options; (ii) the average closing price of the shares for the five business days immediately preceding the offer date; and (iii) the nominal value of the Company's shares.

Details of share options outstanding at the balance sheet date, which are all of a call option type, are as follows:

Date of grant	Exercise period	Exercise price	Fair value at grant date
21 January 2000	From date of grant to 20 January 2010	HK$2.532	*(Note)*
27 November 2003	From date of grant to 29 May 2012	HK$0.233	HK$0.05674
16 August 2006	From date of grant to 29 May 2012	HK$0.100	HK$0.05674
29 November 2006	From date of grant to 29 May 2012	HK$0.150	HK$0.05674

In accordance with the terms of the share-based arrangement, options issued vest at the date of grant.

The fair value of the share options granted during the financial year is HK$0.05674. The fair value of those granted in 2003 was estimated by the directors. Options were priced using the Black-Scholes-Merton Option Pricing Model. Expected volatility is based on extracts from the Bloomberg's information based on 400 trading days (around 1.5 years).

Inputs into the model	2006
Weighted average share price	HK$0.138
Exercise price	HK$0.100/0.150
Expected volatility	90.39%
Expected option period	1.5 years
Dividend yield	0%
Risk-free interest rate	3.642%
Option type	Call

The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

Movements of the Company's share options held by employees, directors and business associates during the year are:

	Number of share options							
Grantee	At 1 January 2006	Granted during year	Lapsed during the year	At 31 December 2006	Date of grant	Share price of the Company at grant date	Exercise price	Exercise period of share options
Directors								
Mr. Tai Benedict	–	600,000	–	600,000	29 November 2006	HK$0.153	HK$0.150	29 November 2006 to 29 May 2012
Mr. Fu Yan Yan	–	600,000	–	600,000	29 November 2006	HK$0.153	HK$0.150	29 November 2006 to 29 May 2012
Ms. Wang Xi Ling	–	600,000	–	600,000	29 November 2006	HK$0.153	HK$0.150	29 November 2006 to 29 May 2012
Other employees								
In aggregate	8,045,000	–	(5,105,000)	2,940,000	27 November 2003	HK$0.23	HK$0.233	27 November 2003 to 29 May 2012
	–	8,000,000	–	8,000,000	29 November 2006	HK$0.153	HK$0.150	29 November 2006 to 29 May 2012
Sub-total	8,045,000	9,800,000	(5,105,000)	12,740,000				
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
	–	6,600,000	–	6,600,000	19 August 2006	HK$0.093	HK$0.100	19 August 2006 to 29 May 2012
	–	33,200,000	–	33,200,000	29 November 2006	HK$0.153	HK$0.150	29 November 2006 to 29 May 2012
Sub-total	1,320,000	39,800,000	–	41,120,000				
Total	9,365,000	49,600,000	(5,105,000)	53,860,000				

Note: The fair value of the options granted under the previous scheme has not been estimated as the directors believe that the likelihood of the exercise of the right is remote in view of the high value of the exercise price of such options relative to the current market price of the Company's shares.

29. RESERVES

(a) Group

The amounts of the Group's consolidated reserves and the movements therein are presented in the consolidated 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 a group re-organisation 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	Contributed surplus	Share options reserve	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2005	341,274	39,431	–	(326,741)	53,964
Issue of consideration shares *(Note 27)*	1,038	–	–	–	1,038
Net loss for the year	–	–	–	(13,980)	(13,980)
At 31 December 2005 and 1 January 2006	342,312	39,431	–	(340,721)	41,022
Issue of consideration shares *(Note 27)*	235	–	–	–	235
Grant of share options	–	–	1,505	–	1,505
Net loss for the year	–	–	–	(12,014)	(12,014)
At 31 December 2006	342,547	39,431	1,505	(352,735)	30,748

The net loss from ordinary activities attributable to shareholders of the Company dealt with in the financial statements of the Company was HK$12,014,000 (2005: HK$13,980,000).

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 29(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 undistributable.

30. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

Movement in working capital	**2006**	**2005**
	HK$'000	*HK$'000*
(Increase) Decrease in inventories	(5,413)	13,036
Decrease in trade receivables	3,274	3,368
Increase in prepayments, deposits and other receivables	(3,472)	(7,831)
Increase (Decrease) in trade payables	334	(11,781)
Increase (Decrease) in accrued liabilities and other payables	19,742	(25,053)
	14,465	(28,261)

31. ACQUISITION OF A SUBSIDIARY

In August 2006, the Group acquired 100% of the share capital of Grand Panorama Limited ("GP") which in turn holds 100% of 上海搏創投資諮詢有限公司(Conity Investment and Consultants (Shanghai) Company Limited). The relevant information about the acquisition is as follows:

	2006	**2005**
	HK$'000	*HK$'000*
(a) Detail of net liabilities (assets) acquired and goodwill:		
Total purchase consideration discharged by:		
Cash	18,000	6,500
Fair value of the 117,647,059 shares of the Company issued based on published market price	12,000	6,500
Total consideration of the acquisition	30,000	13,000
Transaction costs	1,662	187
	31,662	13,187
Add: Fair value of net (assets) liabilities acquired shown below	1,371	(187)
Loan acquired	–	(228)
Goodwill *(Note 13)*	33,033	12,772

The factors that contribute to the recognition of the goodwill include profit guarantees made by the vendors of GP and potential for growth in the property market in Mainland China.

(b) The net liabilities of GP on the date of acquisitions in August 2006 were as follows:

	Fair value	Acquiree's carrying amount
	HK$'000	*HK$'000*
Assets		
Equipment	559	559
Other intangible assets	234	234
Trade receivables	1,020	1,020
Other current assets	641	641
Cash and cash equivalents	23	23
	2,477	2,477
Liabilities		
Amount due to related companies	1,940	1,940
Other payables	1,908	1,908
	3,848	3,848
Net liabilities acquired	(1,371)	(1,371)

(c)

Purchase consideration	30,000	–
Less: Amount satisfied by the Company's shares	(12,000)	–
Purchase consideration paid in cash	18,000	–
Add: Transaction costs	1,662	–
Less: Cash and cash equivalents in the subsidiary acquired	(23)	–
Net cash outflow on acquisition	19,639	–

GP contributed HK$2,789,000 and HK$2,847,000 to the Group's revenue and loss respectively for the period between the date of acquisition and the balance sheet date.

If the acquisition had been completed on 1 January 2006, total group revenue for the year would have been approximately HK$64,833,000 and loss for the year would have been approximately HK$13,588,000. These pro forma information are for illustrative purposes only and are not necessarily an indication of revenue and results of the Group that actually would have been achieved had the acquisition been completed on 1 January 2006, nor are they a projection of future results.

32. DISPOSAL OF A SUBSIDIARY

	2006	2005
	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 of 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	–	5,637
Loss on disposal of the discontinued operation	–	22,213
	–	27,850

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

	2006	2005
	HK$'000	*HK$'000*
Revenue:		
Sales of goods	–	70,468
Rendering of computer technology services	–	25,756
	–	96,224
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:

	2006 HK$'000	2005 HK$'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 cash flow of the discontinued operation:

	2006 HK$'000	2005 HK$'000
Operating activities	–	(14,150)
Investing activities	–	(749)
Financing activities	–	360
	–	(14,539)

33. COMMITMENTS

The Group leases certain of its office premises and property agency branches under operating lease arrangements. The leases are negotiated for terms ranging from half to two and half 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.

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	
	2006 HK$'000	2005 HK$'000
Within one year	793	1,046
In the second to fifth years, inclusive	377	837
	1,170	1,883

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

34. CONTINGENT LIABILITIES

Company and Group

	2006 HK$'000	2005 HK$'000
Guarantees given by the Company to banks in connection with banking facilities granted to certain subsidiaries	–	20,000

35. RELATED PARTY TRANSACTIONS

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

(A) The following transactions were carried out with related parties:

	2006	**2005**
	HK$'000	*HK$'000*
(i) Rendering of services		
(a) Management services to an unlisted company classified as an available-for-sale investee company	312	309
(b) Provision of management services of two directors to an investee company for reimbursement of their remuneration	–	567

The service charge is based on market rate.

(ii) Purchases from a related company		
Maintenance and consultancy services provided by a company controlled by a director	–	221

The service charge is based on market rate.

(iii) Proceeds from sale of shares in an available-for-sale investment to a director	45,323	–
(iv) Key management compensation		
Salaries and other short-term employee benefits	8,801	6,636
Share-based payments	102	–

(B) Amounts of outstanding balances due by (due to) the following related parties:

(i) Arising from sales of good/services An unlisted company classified as an available-for-sale investee company	156	156
(ii) In the form of current accounts		
A significant investee group	–	(402)
An investee company classified as an available-for-sale investee company	–	265
A company of which a director of the Company is a director	–	70

Notes:

(a) 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.

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

36. EVENTS AFTER THE BALANCE SHEET DATE

(i) Placing of new shares

On 22 January 2007, the Company entered into an agreement to place 110,000,000 new shares to six placees at a placing price of HK$0.22 per share. The net proceeds from the placing received by the Company of approximately HK$23,500,000 was applied towards the Company's general working capital.

(ii) Acquisition of Huge Value Development Ltd.

On 12 February 2007, Technology Venture Investments Limited ("TVI"), a wholly owned subsidiary of the Company, entered into an agreement to acquire 100% in the issued share capital of Huge Value Development Ltd. at a total consideration of HK$78,000,000. Huge Value Development Ltd. is engaged in the provision of management and consultancy services for the cultivation of licorice roots in Inner Mongolia.

(iii) Extension of time for fulfillment of profit guarantee

On 22 February 2007, the shareholders approved a supplemental agreement entered into between TVI and vendors of the entire equity interest in Grand Panorama Limited to extend the time for fulfillment of the Profits Guarantee of RMB4,000,000 (approximately HK$4,000,000) and RMB6,000,000 (approximately HK$6,000,000) from the two years ending 31 December 2006 and 2007 to the two years ending 31 December 2007 and 2008 respectively.

(iv) Disposal of investment in ChinaCast Education Corporation

On 8 January 2007, TVI disposed of all of the 33,037,221 shares it owned in the capital of ChinaCast Communication Holdings Limited in exchange for 1,551,771 shares in the capital of ChinaCast Education Corporation (formerly known as Great Wall Acquisition Corporation), the shares of which are quoted on the NASDAQ over-the-counter ("OTC") Bulletin Board in the United States of America.

On 29 March 2007, TVI entered into an agreement to dispose of the said 1,551,771 shares for a consideration of HK$55,000,000 to an independent third party.

(D) INDEBTEDNESS STATEMENT

Apart from intra-group liabilities, as at 31 May 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 May 2007, being the latest practicable date for the purpose of this circular prior to printing of this circular.

(E) WORKING CAPITAL STATEMENT

The Directors, after due and careful enquiry, 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. The Group did not have any outstanding banking facilities as at the Latest Practicable Date.

(F) FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is a diversified investment holding company. Its current strategy is to maintain TopAsia Computer Limited, a wholly-owned subsidiary of the Company, as the stable income contributor while injecting new investments into the Group as and when opportunities come along, as additional growth drivers and for prudent risk dilution.

TopAsia Computer Limited anticipates huge growth potential in China for the sales of self-service facilities and the provision of after-sales services in the years ahead. This is because financial and banking institutions are forced to remain geared to improve their competitiveness, cost efficiency and service quality in the face of increasing challenges from the gradual opening of China's financial market to foreign banks. Furthermore, given China's fast economic development and accelerated transformation of its urban and rural areas, the financial industry is poised for tremendous growth in the coming years.

It has been 20 years since the launch of the first ATM in China. There is an estimated 120,000 ATMs, including automatic withdrawal and deposit machines, currently in operation. Relative to China's population and average disposable income per capita, the ratio remains extremely low compared to the more developed countries. Although this means tremendous business potential for automated and non-cash transactions, it will take time for the people, system and infrastructure in China to be able to cope with the transformation from traditional cash-based consumption pattern.

TopAsia Computer Limited is not the only one to have identified this market niche, however it has been able to strengthen its leadership over the years through its first-mover advantage, team professionalism, superior geographical coverage, extensive brand portfolio and strong management prowess. Industry competition will only become increasingly fierce with pricing and service quality gaining greater importance as two key factors to business success. TopAsia Computer Limited is fully aware of the challenges from falling prices and the emergence of more competitors, but will continue to capitalize on its core strengths to achieve better results in the future.

Specifically, TopAsia Computer Limited will aim at raising profitability through stronger management, tighter cost control and robust business development. It will further expand its customer base and market coverage for the provision of repair and maintenance services to self-service facilities. Business development activities will be targeted at loyal customers such as BOC, Bank of Communications and CMB. At the same time, it will also explore opportunities with major banks such as the Bank of Construction, Agricultural Bank of China and other regional commercial banks.

In addition to the ATM business, TopAsia Computer Limited will continue to cooperate with EMC Corporation and Equal Logic Inc. (both of which are independent, and are not connected persons, of the Group) to market storage equipment and contingency back-up systems of all specifications to financial and securities enterprises, and government authorities. It will also strengthen its cooperation with IBM and Symantec (both of which are independent, and are not connected persons, of the Group) to develop new customers for new contracts in software application. More resources will also be devoted to foster supplier relationships, and develop new businesses, partners, and products.

Internally, TopAsia Computer Limited will seek to re-affirm its ISO9000 corporate management certification through strict controls on organizational structure, staff number and operating procedures to ensure that optimum management standards and operational capabilities are always in place.

In respect of the Group's real estate related technology and consultancy businesses of Acacia Asia Partners Limited and Grand Panorama Limited, both of which are wholly-owned subsidiaries of the Company, the management is in favor of a more cautious approach for the time being in view of the latest drastic policy changes in China. However, the Group remains confident of the long-term development potential of the real estate market and the provision of real estate-related services in China.

The Group has commenced the operation of its new agricultural project in Inner Mongolia in April 2007. Through Huge Value, the Group will assist the local company to formulate plans for the proper and efficient cultivation of licorice. The supply of licorice roots in China has been on the decline both in quantity and quality in recent years as a result of lack of or improper cultivation. The proper cultivation of licorice will ensure that the supply and quality of licorice roots will increase in future and more importantly, lead to land preservation and anti-desertification through control of soil erosion and movement. As this is in line with the Government's national policy and interest, the Group has their full backing and support. The Group believes that through these efforts, it will gain significant recognition and support and access to further land management contracts and other lucrative business opportunities, hence creating greater shareholder value.

Upon the Completion, the Group is able to diversify into a higher growth 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

As at 31 December 2006, the Group recorded audited total assets of approximately HK$239.4 million which were financed by liabilities of approximately HK$68.4 million and audited total net asset to equity holders of the parent amounted to approximately HK$171.0 million. The Group's audited total net asset to equity holders of the parent as at 31 December 2006 increased by 10.1% as compared to approximately HK$155.3 million as at 31 December 2005.

The Group had audited total cash and bank balances of approximately HK$56.6 million as at 31 December 2006 (As at 31 December 2005: approximately HK$52.2 million). After deducting audited bank loans and overdrafts of approximately HK$18,000 (As at 31 December 2005: approximately HK$626,000), the Group recorded audited net cash balance of approximately HK$56.6 million as at 31 December 2006, as compared to that of approximately HK$51.5 million as at 31 December 2005. As at 31 December 2006, the current ratio was 2.79 (As at 31 December 2005: 2.04) and the gearing ratio was nil (As 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.

The Group generally finances its operations with internally generated resources and proceeds from equity financing methods. All financing methods, including equity, debt and other means, will be considered so long as such methods are beneficial to shareholders as a whole. Subsidiaries in PRC use internally generated resources to finance working capital.

The Group mainly earns revenue and incurs costs in US dollars and Renminbi. Foreign exchange exposure of the Group 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

As at 31 December 2006, fixed deposits in the amount of approximately HK$15.6 million (As at 31 December 2005: HK$139,000) were pledged to banks to secure banking facilities.

(I) EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2006, the Group employed approximately 290 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

Reference is made to the announcement published by the Company on 14 February 2007 pursuant to which the Purchaser entered into a sale and purchase agreement on 12 February 2007 with Mr. Lau Siu Hung, Ricky for the acquisition of the entire issued share capital of Huge Value at a cash consideration of HK$78 million.

Reference is made to the announcement published by the Company on 2 April 2007 pursuant to which the Purchaser disposed 1,551,771 shares in ChinaCast Education Corporation at a cash consideration of HK$55 million to Massive Right International Limited on 29 March 2007.

Save as disclosed in this circular, no member of the Group has, since 31 December 2006, acquired 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 QUEST ASIA

Quest Asia is principally engaged in investment holdings and save for the entering into of the Management Contracts, Quest Asia has not conducted any business since its incorporation on 3 January 2006. Based on the unaudited accounts of Quest Asia, prepared in accordance with the Hong Kong Financial Reporting Standard, for the periods from its incorporation on 3 January 2006 to 31 December 2006 and from 1 January 2007 to 30 June 2007, the net loss before taxation and extraordinary items were HK$5,600 and HK$20,358 respectively and the net loss after taxation and extraordinary items were also HK$5,600 and HK$20,358 respectively, and it recorded net liabilities of HK$25,950 as at 30 June 2007. Since its incorporation on 3 January 2006, Quest Asia has not conducted any business (other than the entering into of the Management Contracts) or acquired or disposed of any subsidiaries or associated companies. As at 30 June 2007, Quest Asia did not have any significant assets or investments, nor did it have any bank or other borrowings, contingent liabilities or charge on group assets. Quest Asia's only liabilities were accrued administrative expenses in the amount of HK$25,958. Quest Asia had no employees as at 30 June 2007.

As is known to the Directors after due and careful enquiry, Quest Asia has no plans for material investments or capital assets in the coming year. After the Completion, Quest Asia will earn revenue in Renminbi. Since there is a trend in appreciation in Renminbi, foreign exchange risk is low.

Lawrence CPA Limited

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16 August 2007

The Directors
Venture International Investment Holdings Limited
9th Floor
Wincome Centre
Nos. 39–41 Des Voeux Road Central
Hong Kong

Dear Sirs,

INTRODUCTION

We set out below our report on the financial information of Quest Asia Development Limited ("Quest Asia") for the periods from 3 January 2006 to 31 December 2006 and from 1 January 2007 to 30 June 2007 ("the Relevant Periods"), which comprise the balance sheets at 31 December 2006 and 30 June 2007, and the income statements, statements of changes in equity and cash flow statements for the Relevant Periods 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 Quest Asia ("Acquisition") as more fully discussed in the Letter from the Board included in the same Circular.

Quest Asia was incorporated in the British Virgin Islands on 3 January 2006. On 15 December 2006, Quest Asia entered into two contracts 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 management and sales of existing licorice roots and salix psammophila on two pieces of agricultural land in Inner Mongolia in return for a fee of 70% of the annual turnover generated from the sales of the existing licorice roots and salix psammophila after deducting 15% thereof (which represents the estimated total of direct production costs plus all necessary sales tax payments) from 15 December 2006 to 27 August 2053 and from 15 December 2006 to 14 December 2036 respectively.

The two contracts also include the cultivation of licorice roots and salix psammophila on the two pieces of agricultural land. Quest Asia will receive 90% of the turnover generated from the sales of such cultivated licorice roots (after deducting all direct production costs and all necessary sales tax payments) with the remaining 10% payable to Tian Lan.

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 consider 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 Quest Asia for the Relevant Periods 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 Quest Asia as at 31 December 2006 and 30 June 2007 and its results and cash flows for the Relevant Periods.

INCOME STATEMENT

FOR THE PERIODS FROM 3 JANUARY 2006 TO 31 DECEMBER 2006 AND 1 JANUARY 2007 TO 30 JUNE 2007

	Note	1 January 2007 to 30 June 2007 HK$	3 January 2006 to 31 December 2006 HK$
Administrative expenses		(20,358)	(5,600)
Operating loss	5	(20,358)	(5,600)
Income tax expense	2.3	–	–
Loss for the period		(20,358)	(5,600)

BALANCE SHEET

AS AT 31 DECEMBER 2006 AND 30 JUNE 2007

	Note	30 June 2007 HK$	31 December 2006 HK$
Current assets			
Cash and cash equivalents	6	8	8
Current liabilities			
Accrued expenses		(25,958)	(5,600)
Total assets less current liabilities		(25,950)	(5,592)
Capital and reserves			
Share capital	7	8	8
Accumulated losses		(25,958)	(5,600)
Net liabilities		(25,950)	(5,592)

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM 1 JANUARY 2007 TO 30 JUNE 2007

	Share capital	Accumulated losses	Total
	HK$	*HK$*	*HK$*
Issue of capital	8	–	8
Loss for the period	–	(5,600)	(5,600)
As at 31 December 2006	8	(5,600)	(5,592)
Loss for the period	–	(20,358)	(20,358)
As at 30 June 2007	8	(25,958)	(25,950)

CASH FLOW STATEMENT
FOR THE PERIODS FROM 3 JANUARY 2006 TO 31 DECEMBER 2006 AND FROM 1 JANUARY 2007 TO 30 JUNE 2007

	1 January 2007 to 30 June 2007	3 January 2006 to 31 December 2006
	HK$	*HK$*
Operating activities		
Loss before tax	(20,358)	(5,600)
Operating loss before changes in working capital	(20,358)	(5,600)
Increase in accrued expenses	20,358	5,600
Net cash outflow from operating activities	–	–
Financing activities		
Proceeds from issue of capital	–	8
Net cash inflow from financing activities	–	8
Net increase in cash	–	8
Cash and cash equivalents at beginning of the period	8	–
Cash and cash equivalents at end of the period	8	8
Analysis of balance of cash at end of the period		
Cash and bank balances	8	8

NOTES TO FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Quest Asia is a limited liability company incorporated in the British Virgin Islands on 3 January 2006. The address of its registered office is 30, De Castro Street, Wickhams Cay 1, P.O. Box 961, Road Town Tortola, British Virgin Islands. Quest Asia has not carried out any business during the Relevant Periods.

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 2007. 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 dollars, 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

Quest Asia has not commenced business and is not subject to any income tax.

3. FINANCIAL RISK MANAGEMENT

Quest Asia is not exposed to any material financial risks.

4. REVENUE

Quest Asia did not earn any income during the Relevant Periods.

5. OPERATING LOSS

The operating loss is arrived at after charging:

	1 January 2007 to 30 June 2007 *HK$*	3 January 2006 to 31 December 2006 *HK$*
Auditors' remuneration	2,667	5,333

6. CASH AND CASH EQUIVALENTS

	30 June 2007 *HK$*	31 December 2006 *HK$*
Cash in hand	8	8

7. SHARE CAPITAL

	30 June 2007 *HK$*	31 December 2006 *HK$*
Authorised:		
50,000 ordinary shares of USD1 each	390,000	390,000
Issued and fully paid:		
1 ordinary share of USD1 each	8	8

8. REMUNERATION OF DIRECTORS

During the Relevant Periods, 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 Periods. During the Relevant Periods, no remuneration were paid by Quest Asia to the directors or other employees as an inducement to join and as compensation for loss of office.

9. EVENT AFTER THE BALANCE SHEET DATE

On 20 July 2007, Adonia Development Limited ("Vendor"), the sole shareholder of Quest Asia, 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 issued share capital of Quest Asia to the Purchaser at a total consideration of HK$190,000,000.

Your truly,
Lawrence CPA Limited
Hong Kong

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Lawrence CPA Limited

富勤

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3/F., Hong Kong Trade Centre,
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香港貿易中心3樓

16 August 2007

The Directors
Venture International Investment Holdings Limited
9th Floor
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Nos. 39–41 Des Voeux Road Central
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 Quest Asia Development Limited ("Quest Asia") 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 31 December 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 Quest Asia is derived from the most recent accountants' report on it for the 6 months from 1 January 2007 to 30 June 2007.

	The Group	**Quest Asia**	**Adjustments**		**Pro forma**
	HK$'000	*HK$'000*	*HK$'000*	*Note*	*HK$'000*
	(Note 1)	*(Note 2)*			
Non-current assets					
Fixed assets	1,379	–			1,379
Computer software	1,696	–			1,696
Goodwill	45,805	–	190,526	3	236,331
	48,880	–			239,406
Current assets					
Inventories	8,857	–			8,857
Trade receivables	22,464	–			22,464
Prepayments, deposits and other receivables	20,353	–			20,353
Available-for-sale investments	66,591	–			66,591
Pledged time deposits	15,624	–			15,624
Cash and bank balances	56,630	0.008			56,630
	190,519	–			190,519
Current liabilities					
Trade payables	2,336	–			2,336
Tax liabilities	6,938	–			6,938
Accrued expenses and other payables	59,115	26	70,500	4, 7	129,641
Bank overdrafts	18	–			18
	68,407	26			138,933

	The Group	Quest Asia	Adjustments		Pro forma
	HK$'000	*HK$'000*	*HK$'000*	*Note*	*HK$'000*
	(Note 1)	*(Note 2)*			
Net current assets (liabilities)	122,112	(26)			51,586
Non-current liabilities					
Obligation to issue convertible bonds	–	–	(90,775)	4, 6	(90,775)
Net assets (liabilities)	170,992	(26)			200,217
Equity attributable to equity holders of the parent:					
Issued capital	67,500	0.008	(0.008)	5	67,500
Reserves	103,492	(26)	29,225	6	
			26	5	132,717
	170,992	(26)			200,217

Notes to the unaudited pro forma Consolidated Balance Sheet

1. The financial figures are extracted from the published annual financial statements of the Group for the year ended 31 December 2006.

2. The financial figures are those of the balance sheet of Quest Asia as at 30 June 2007.

3. The amount represents goodwill arising on the acquisition of the share capital of Quest Asia.

   The amount is arrived at as follows:

	HK$'000	*HK$'000*
Consideration for the purchase of Quest Asia		190,000
Estimated transaction costs		500
		190,500
Add: Fair value of net liabilities of Quest Asia		
– Capital	(0.008)	
– Accumulated losses	26	26
Amount of goodwill		190,526

4. The total amount of the consideration of HK$190 million and transaction costs of HK$0.5 million are financed, on a pro forma basis, by the following:

	HK$'000
Cash payment	70,500
Convertible bonds	120,000
	190,500

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

6. The Company has undertaken to issue convertible bonds with a principal amount of HK$120,000,000 to the ultimate beneficial owners of the Vendors or their nominees on completion of the sale and purchase of the entire issued share capital of Quest Asia.

   The convertible bonds, being compound financial instruments, are split into the following two elements:

   (a) the liability component to reflect the debt portion of the bonds of HK$90,775,000 which is the present value of the agreed total conversion price of HK$120,000,000 at the end of the Conversion Period of 3 years using the estimated prevailing market interest rate for an equivalent non-convertible loan at the Reporting Date; and

   (b) the equity component to reflect the value of the conversion option of HK$29,225,000.

7. The Company has raised funds in 2007 of approximately HK$110 million through private placement of shares. The payment of HK$70 million under the sale and purchase agreement is to be made out of the funds raised by the said placement.

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:

(i) Long position in the Shares

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	12.60%
Mr. Tse Michael Nam	Beneficial owner	30,000,000	Long	3.01%

(ii) Long position in the underlying Shares

Name of Director	Nature of interest	No. of underlying Shares held	Position	Approximate percentage of issued share capital
Mr. Tse Michael Nam	Beneficial owner	996,000 *(Note 1)*	Long	0.10%
Mr. Lim Yew Kong, John	Beneficial owner	600,000 *(Note 2)*	Long	0.06%
Mr. Sananikone	Beneficial owner	600,000 *(Note 1)*	Long	0.06%

Notes:

1. As at the Latest Practicable Date, Mr. Tse Michael Nam, an executive Director, and Mr. Sananikone, an independent non-executive Director, held share options of the Company entitling each of them to subscribe for 996,000 Shares and 600,000 Shares respectively at a subscription price of HK$0.66 per Share. The share options of the Company were granted to Mr. Tse Michael Nam and Mr. Sananikone on 9 July 2007 and are exercisable from 10 July 2007 to 29 May 2012.

2. As at the Latest Practicable Date, Mr. Lim Yew Kong, John, an independent non-executive Director, held share options of the Company entitling him to subscribe for 600,000 Shares at a subscription price of HK$0.36 per Share. The share options of the Company were granted to Mr. Lim Yew Kong, John on 16 April 2007 and are exercisable from 17 April 2007 to 29 May 2012.

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 the Shares

Name of substantial Shareholder	Nature of interest	No. of Shares held	Position	Approximate percentage of issued share capital
Galaxy China Opportunities Fund	Beneficial owner	90,810,000	Long	9.11%
Deutsche Bank Aktiengesellschaft	Beneficial owner	85,000,000	Long	8.53%
Credit Suisse Group *(Note)*	Interest of a corporation	92,166,000	Long	9.25%
Credit Suisse *(Note)*	Interest of a corporation	92,166,000	Long	9.25%
Credit Suisse (International) Holding AG *(Note)*	Interest of a corporation	92,166,000	Long	9.25%

Name of substantial Shareholder	Nature of interest	No. of Shares held	Position	Approximate percentage of issued share capital
Credit Suisse First Boston International (Guernsey) Limited *(Note)*	Interest of a corporation	92,166,000	Long	9.25%
Credit Suisse (Hong Kong) Limited *(Note)*	Interest of a corporation	92,166,000	Long	9.25%

Note: Credit Suisse (Hong Kong) Limited was held as to 94.75% by Credit Suisse (International) Holding AG ("CS International") and as to 5.25% by Credit Suisse First Boston International (Guernsey) Limited which, in turn, was a wholly-owned subsidiary of CS International. CS International was a wholly-owned subsidiary of Credit Suisse which, in turn, was wholly owned by the Credit Suisse Group. As such, the 92,166,000 Shares referred to herein refer to the same batch of Shares.

(ii) 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

Mr. Tse Michael Nam, an executive Director, has entered into a service agreement with the Company on 12 February 2007 (as amended by a supplemental service agreement dated 16 July 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 supplemental service agreement with effect from 1 August 2007, Mr. Tse is entitled to a monthly salary of HK$100,000, reimbursement for rental of accommodation in Hong Kong of HK$110,000 per month and 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.

Mr. Chan Tze Ngon, an executive Director, has entered into a service contract 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. Mr. Chan is entitled to a monthly salary of HK$60,000 and a gratuity payment in each financial year of the Company equal to the amount of the then monthly salary of Mr. Chan, subject to such increase as the Board may determine from time to time in its absolute discretion in accordance with his service agreement. Mr. Chan 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. Chan were determined with reference to the prevailing market conditions, director's duties and responsibilities, and performance and results of the Group.

Save as disclosed above, 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. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have given opinion or advice which are contained in this circular:

Name	Qualification
Nuada Limited	a licensed corporation to carry out type 6 (advising on corporate finace) regulated activity under the SFO
Lawrence CPA Limited	Certified public accountants

Each of Nuada and 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 they respectively appear.

As at the Latest Practicable Date, each of Nuada and 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 2006, 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 of the Group since 31 December 2006, being the date to which the latest published audited consolidated financial statements of the Group was made up.

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:		
30,000,000,000	Shares	3,000,000,000
Issued and to be issued, fully paid or credited as fully paid:		
996,458,552	Shares in issue as at the Latest Practicable Date	99,645,855

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 Purchaser 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, details of which are set out in the announcement of the Company dated 26 August 2005, details of which are set out in the announcement of the Company dated 26 August 2005;

(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, details of which are set out in the announcement of the Company dated 23 September 2005;

(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), a then non-wholly owned subsidiary of the Company, for the sale and purchase of the entire registered capital of 北京先進數通信息技術有限公司 (Beijing Advanced Information Technology Company Limited)*, details of which are set out in the announcement of the Company dated 5 October 2005;

(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), details of which are set out in the announcement of the Company dated 5 October 2005;

(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

* *for identification purpose only*

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 Limited at a total consideration of HK$30,000,000, details of which are set out in the announcement of the Company dated 17 February 2006;

(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), details of which are set out in the announcement of the Company dated 28 July 2006;

(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 wholly-owned 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), details of which are set out in the announcement of the Company dated 23 October 2006;

(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 in relation to the extension of time for fulfilment of profit guarantees under the Sale and Purchase Agreement as referred to under (v) above, details of which are set out in the announcement of the Company dated 29 November 2006;

(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 the placing up to 110,000,000 new Shares, details of which are set out in the announcement of the Company dated 22 January 2007;

(x) the sale and purchase agreement dated 12 February 2007 and entered into between the Purchaser and Mr. Lau Siu Hung, Ricky in relation to the acquisition of the entire share capital of Huge Value at a consideration of HK$78 million, details of which are set out in the announcement of the Company dated 14 February 2007;

(xi) the sale and purchase agreement dated 29 March 2007 entered into between Massive Right International Limited and the Purchaser as the vendor in relation to the disposal of the remaining 1,551,771 shares in ChinaCast Education Corporation, at a total consideration of HK$55,000,000 in cash, details of which are set out in the announcement of the Company dated 2 April 2007;

* *for identification purpose only*

(xii) the placing and subscription agreement dated 15 June 2007 and entered into between the Company, CITIC Securities Corporate Finance (HK) Limited, Mr. Chan Tze Ngon, the executive Director, and Mr. Tse Michael Nam, the chairman of the Company and an executive Director, Universal Chinese Limited and Mr. Samuel Lin Jr for the placing and subscription of up to 160,000,000 Shares, details of which are set out in the announcement of the Company dated 16 June 2007; and

(xiii) the Agreement, details of which are set out in the announcement of the Company dated 25 July 2007.

10. DETAILS OF THE DIRECTOR TO BE RE-ELECTED

As shown below is the details of Mr. Sananikone, who is to be re-elected as an independent non-executive Director.

Mr. Sananikone, aged 63, is an experienced international development economist and business executive whose career has spanned many countries throughout the Asia-Pacific region. Mr. Sananikone has been professionally active in China and Southeast Asia for over two decades. In Vietnam, he played a pivotal role in the planning and development of the highly successful Sepzone-Linh Trung Export Processing Zone, serving on its founding board on behalf of the foreign investor of the joint venture. His professional career highlights include: Operations Officer for the Asian Development Bank (1975-78); Chief Economist and Director of Asian Operations for a major U.S. engineering firm, Louis Berger International (1978-84); Executive Vice President and COO of Hawaiian Agronomics International, a leading international agriculture and rural development consulting company (1984-87); President of Pacific Management Resources ("**PacMar, Inc.**") (1987-present), a Hawaiian-based multinational consulting group assisting international funding agencies and private sector clients in project identification, planning and development. Under his guidance, PacMar Inc. completed a large number of projects in the agriculture and rural development sectors for the Asian Development Bank, the World Bank, the U.S. Agency for International Development (USAID) in various Asian countries, and major public and private sector enterprises in China and other Asia-Pacific nations since 1988.

Mr. Sananikone, a recipient of the 2003 University of Hawaii Distinguished Alumni Award, holds a B.A. in economics from the University of Hawaii; and M.A. in economics from University of Colorado, and has completed specialised post-graduate training in macro and natural resource economics at Colorado State University. He served for two terms as a Board member of the Southeast Asia Resource Action Center (SEARAC), the sole and oldest national advocacy group for Southeast Asian Americans based in Washington, DC; a former Board member of the Asia-Pacific Islander American Scholarship Fund (APIASF); Founding Chair and Current Board member of the Vietnamese American Chamber of Commerce of Hawaii (VACCH); Chairman of the Lao Buddhist Foundation of Hawaii; and is the first EWC alumnus from the Asia-Pacific region to be appointed to the East West Center Board of Governors. Other than the present appointment, Mr. Sananikone does not hold any directorship in any other listed companies over the last three years.

Mr. Sananikone is appointed by way of a letter of appointment with a proposed term of service of two years. His appointment will be subject to normal retirement and re-election by the Shareholders at the annual general meeting of the Company. He will be entitled to an annual emolument of HK$150,000 which is determined by the Board with reference to his duties and responsibilities with the Company.

Save as disclosed above, Mr. Sananikone does not have any relationships with other Directors, senior management, substantial or controlling Shareholders, nor any interests in the Shares within the meaning of Part XV of the SFO.

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

Save as disclosed herein, there is no other matter that needs to be brought to the attention of the Shareholders in relation to the above appointment.

11. 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 2006, 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 9th Floor, Wincome Centre, Nos. 39-41 Des Voeux Road Central, Hong Kong;

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

(f) 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

(g) 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.

12. 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 9th Floor, Wincome Centre, Nos. 39-41 Des Voeux Road Central, Hong Kong from the date of this circular up to and including 5 September 2007 and at the SGM:

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

(b) the annual reports of the Company for the two years ended 31 December 2005 and 31 December 2006;

(c) the accountants' report of Quest Asia 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 letter of advice from Nuada, the text of which is set out on pages 26 to 32 of this circular;

(f) the service contracts of the Directors referred to in the paragraph headed "Directors' Service Contracts" in this appendix;

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

(h) the written consents of the experts referred to in the paragraph headed "Experts and consents" in this appendix;

(i) the circular of the Company dated 30 January 2007 in relation to the extension of time for fulfilment of profit guarantees under the Sale and Purchase Agreement as referred to under (v) in the paragraph headed "Material Contracts" in this appendix;

(j) the circular of the Company dated 7 March 2007 in relation to the acquisition of the entire share capital of Huge Value by the Purchaser from Mr. Lau Siu Hung, Ricky to the Purchaser;

(k) the circular of the Company dated 23 April 2007 in relation to the disposal of 1,551,771 Shares of ChinaCast Education Corporation by the Purchaser to Massive Right International Limited; and

(l) 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)

NOTICE IS HEREBY GIVEN that a special general meeting (the "**Meeting**") of Venture International Investment Holdings Limited (the "**Company**") to be held at 11:00 a.m. on Wednesday, 5 September 2007 at 9th Floor Wincome Centre, Nos. 39-41 Des Voeux Road Central, Hong Kong for the purpose of considering and, if thought fit, passing the following resolutions with or without amendments as ordinary resolutions:

ORDINARY RESOLUTIONS

1. "**THAT**:

   (a) the sale and purchase agreement dated 20 July 2007 (the "**Agreement**") entered into between Adonia Development Limited, Technology Venture Investments Limited and Messrs. Lee Cheong Fu, Tse Hoi Chau and Mui Kin Si, Felix as guarantors in relation to the sale and purchase of the entire issued share capital of Quest Asia Development Limited (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, including but not limited to the issue of the convertible bonds in the aggregate principal amount of HK$120 million due in 2010 (the "**Convertible Bonds**") as satisfaction in part of the consideration under the Agreement upon completion of the Agreement, and the allotment and issue of the conversion shares upon conversion of the Convertible Bonds; and

   (b) the directors of the Company be and are hereby granted an unconditional mandate to allot, issue and deal with additional shares in the capital of the Company upon the conversion of the Convertible Bonds, such mandate to expire upon maturity of the Convertible Bonds or when all the Convertible Bonds have been converted or redeemed, whichever is the earlier."

* *for identification purpose only*

2. "**THAT** Mr. Puongpun Sananikone be re-elected as an independent non-executive director of the Company and that the board of directors of the Company be authorised to fix his remuneration."

3. "**THAT**, to the extent not already exercised, the mandate to allot and issue shares of the Company given to the Directors at the annual general meeting (the "**AGM**") of the Company held on 25 May 2007 be and is hereby revoked and replaced by the mandate **THAT**:

   (a) subject to paragraph (c) below, pursuant to the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with unissued shares of HK$0.10 each (the "**Shares**") in the capital of the Company and to make or grant offers, agreements and options, including warrants to subscribe for Shares, which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;

   (b) the approval in paragraph (a) above shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;

   (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise), issued or dealt with by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); or (ii) the exercise of any options granted under the share option scheme of the Company; or (iii) any scrip dividend or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the bye-laws of the Company in force from time to time; or (iv) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into Shares, shall not exceed the aggregate of:

      (aa) 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution; and (bb) (if the Directors are so authorised by a separate ordinary resolution of the shareholders of the Company) the nominal amount of any share capital of the Company repurchased by the Company subsequent to the passing of this resolution (up to a maximum equivalent to 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of such resolution),

and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and

(d) for the purpose of this resolution:

"**Relevant Period**" means the period from the date of the passing of this resolution until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable law of Bermuda to be held; or

(iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution;

"**Rights Issue**" means an offer of Shares, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the Directors to holders of Shares on the register on a fixed record date in proportion to their then holdings of Shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction outside Hong Kong or any recognised regulatory body or any stock exchange outside Hong Kong)."

4. "**THAT** conditional upon the passing of resolution no. 3 above, the mandate granted to the Directors at the AGM to extend the general mandate to allot and issue Shares to Shares repurchased by the Company be and is hereby revoked and replaced by the mandate **THAT** the Directors be and they are hereby authorised to exercise the authority referred to in paragraph (a) of resolution no. 3 above in respect of the share capital of the Company referred to in sub-paragraph (bb) of paragraph (c) of such resolution."

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

Hong Kong, 16 August 2007

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

Head office and principal place of business in Hong Kong:
9th Floor
Wincome Centre
Nos. 39-41
Des Voeux Road Central
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.