THIS 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 Technology Venture 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.

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TECHNOLOGY VENTURE HOLDINGS LIMITED
（宏昌科技集團有限公司）*

(incorporated in Bermuda with limited liability)

(Stock Code: 61)

MAJOR TRANSACTION
INVOLVING
ACQUISITION OF SHAREHOLDINGS IN
GRAND PANORAMA LIMITED

A notice convening a special general meeting (**"SGM"**) of the Company to be held at Room 3101, 31st Floor, 118 Connaught Road West, Hong Kong on Friday, 16 June 2006 at 11:00 a.m. is set out on pages 149 to 150 of 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 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 SGM or any adjournment thereof. Completion and return of 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.

* *for identification purpose only*

30 May 2006

CONTENTS

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

"Acquisition"	the acquisition by the Purchaser of the Sale Shares subject to and upon the terms and conditions of the Sale and Purchase Agreement
"associates"	has the meaning ascribed to this term under the Listing Rules
"Board"	the board of Directors from time to time
"Bonity"	Bonity Property Group (Shanghai) Co., Ltd. (上海搏邦地產投資顧問有限公司)
"Business Day"	a day (other than a Saturday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
"Company"	Technology Venture Holdings Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange
"Completion"	completion of the sale and purchase of the Sale Shares in accordance with the Sale and Purchase Agreement
"Conity"	Conity Investment & Consultants (Shanghai) Co., Ltd. (上海搏創投資顧問有限公司), a wholly owned subsidiary of Grand Panorama
"Consideration Shares"	the 117,647,059 new Shares to be allotted and issued to the Vendors in accordance with the terms and conditions of the Sale and Purchase Agreement
"Directors"	directors of the Company from time to time
"Elected Consideration Shares"	up to an additional 68,136,772 new Shares which may be allotted and issued to the Vendors in lieu of cash consideration at the sole discretion of the Purchaser in accordance with the Sale and Purchase Agreement
"Enlarged Group"	the Group immediately after the Completion
"Grand Panorama"	Grand Panorama Limited, a company incorporated in the British Virgin Islands

"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Issue Price"	the price of HK$0.102 per Consideration Share and Elected Consideration Share (if any), being the average of the closing prices of HK$0.102 per Share quoted on the Stock Exchange for the last five consecutive trading days up to and including 10 February 2006
"Latest Practicable Date"	26 May 2006, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Non-residential (Commercial) Department" or "Non-residential (Commercial) division"	the non-residential (commercial) department of Bonity
"PRC"	the People's Republic of China which for the purpose of this circular excludes Hong Kong and the Macau Special Administrative Region
"Profit Guarantees"	the profit guarantees provided by the Vendors under the Sale and Purchase Agreement in respect of the audited net consolidated profits before tax and any extraordinary or exceptional items of Grand Panorama for the financial year ending 31 December 2006 and 31 December 2007 which shall not be less than RMB4,000,000 and RMB6,000,000 respectively
"Purchaser"	Technology Venture Investments Limited, purchaser to the Sale and Purchase Agreement, a company incorporated in the British Virgin Islands and a wholly owned subsidiary of the Company
"Residential Department" or "Residential division"	the residential department of Bonity
"Sale and Purchase Agreement"	the sale and purchase agreement dated 10 February 2006 and entered into between the Vendors and the Purchaser for the sale and purchase of the Sale Shares

"Sale Shares"	10,411 shares of US$1.00 each in the issued share capital of Grand Panorama, representing the entire issued share capital of Grand Panorama, which are fully paid up or credited as fully paid and all are respectively beneficially owned by the Vendors
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGM"	the special general meeting of the Company to be held and convened for the Shareholders to consider and, if thought fit, approve the Sale and Purchase Agreement and the transactions contemplated thereunder, including but not limited to the allotment and issue of the Consideration Shares and the Elected Consideration Shares
"Shareholders"	holders of the Shares
"Shares"	ordinary shares of HK$0.10 each in the capital of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Vendors"	the vendors to the Sale and Purchase Agreement, comprising August Chance Investments Limited, Recognition International Limited, John S & Sherry H Chen 1994 Family Trust, Toh Teng Peow David, Tam Yuk Ching Jenny, Double Assets Investments Limited, Profitone Agents Limited, Universal Chinese Limited, Every Perform Technology Limited and Fabulous On Services Limited
"HK$"	Hong Kong dollars, the lawful currency for the time being of Hong Kong
"RMB"	Renminbi, the lawful currency for the time being of the PRC
"US$"	United Sates dollars, the lawful currency for the time being of the United States of America
"%"	per cent.

For the purpose of this circular, unless otherwise specified, conversion of United States dollars to Hong Kong dollars and Renminbi into Hong Kong dollars are based on the approximate exchange rate of US$1.00 to HK$7.80 and RMB1.04 to HK$1.00 respectively. This exchange rate is for the purpose of illustration only and do not constitute a representation that any amounts have been, could have been, or may be exchanged at this or any other rate at all.

TECHNOLOGY VENTURE HOLDINGS LIMITED
(宏昌科技集團有限公司)*

(incorporated in Bermuda with limited liability)

(Stock Code: 61)

Executive Directors:
Mr. Chan Tze Ngon *(Chairman)*
Mr. Wu Emmy *(Deputy chairman)*

Independent non-executive Directors:
Mr. Lo Siew Kiong, John, O.B.E., J.P.
Mr. Fu Yan Yan
Ms. Wang Xi Ling

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

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

30 May 2006

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION
INVOLVING
ACQUISITION OF SHAREHOLDINGS IN
GRAND PANORAMA LIMITED

INTRODUCTION

The Company announced on 10 February 2006 that the Purchaser entered into the Sale and Purchase Agreement with the Vendors in relation to the Acquisition.

The Acquisition constitutes a major transaction on the part of the Company under Rule 14.06 of the Listing Rules and is subject to approval from Shareholders. The Company will seek approval from the Shareholders at the SGM.

The purpose of this circular is to provide you, among other matters, further details on the basis of the consideration for the Acquisition, the business prospects of Grand Panorama, the business Grand Panorama is engaged in and the Acquisition. A notice of the SGM is set out on pages 149 to 150 of this circular.

* *for identification purpose only*

SALE AND PURCHASE AGREEMENT

Date: 10 February 2006

Parties: (1) Vendors:

August Chance Investments Limited
Recognition International Limited
John S & Sherry H Chen 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
Fabulous On Services Limited

(2) Purchaser:

Technology Venture Investments Limited

The Vendors include individual, corporate or institutional investors. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendors and in the case the Vendor being a corporation, their ultimate beneficial owners, are third parties independent of and not connected with the Company and its directors, chief executive, substantial Shareholder or any of its subsidiaries or associates of any of them. Further details of the Vendors can be found under the heading "Information on the Vendors" in this circular.

The Purchaser is a wholly owned subsidiary of the Company incorporated in the British Virgin Islands and is principally engaged in investment holdings.

Asset to be acquired: Pursuant to the Sale and Purchase Agreement, the Purchaser has agreed to acquire and the Vendors have agreed to sell the Sale Shares comprising an aggregate of 10,411 shares of US$1.00 each in the share capital of Grand Panorama, representing 100% of the entire issued share capital of Grand Panorama. Further details of the respective shareholdings of the Vendors in Grand Panorama can be found under the heading "Information on the Vendors" in this circular.

The Purchaser is not subject to any restriction on further sale of the Sale Shares.

Consideration

The total consideration for the Acquisition is HK$30,000,000, which shall be satisfied by the Purchaser at Completion in the following manner:

(a) HK$12,000,000 shall be satisfied by the Purchaser procuring the Company to allot and issue 117,647,059 new Shares credited as fully paid at the Issue Price to the Vendors in proportion to their respective shareholdings in Grand Panorama in such numbers as set out in the following table:

Name of Vendors	Number of Consideration Shares to be allotted and issued	Percentage interest of the Consideration Shares to be existing issue share capital (%) (approximately)	Percentage interest of the Consideration Shares to the issued share capital of the Company as enlarged by the Consideration Shares (%) (approximately)
August Change Investments Limited	21,583,506	3.87	3.20
Recognition International Limited	10,452,745	1.88	1.55
John S & Sherry H Chen 1994 Family Trust	5,017,318	0.90	0.74
Toh Teng Peow David	5,435,427	0.98	0.81
Tam Yuk Ching Jenny	4,079,396	0.73	0.60
Double Assets Investments Limited	2,723,364	0.49	0.40
Profitone Agents Limited	19,617,260	3.52	2.91
Universal Chinese Limited	26,024,511	4.67	3.86
Ever Perform Technology Limited	11,356,766	2.04	1.68
Fabulous On Services Limited	11,356,766	2.04	1.68
Total:	117,647,059	21.11	17.43

(b) the remaining HK$18,000,000 will be satisfied, at the sole discretion and election of the Purchaser, either:

(i) in cash or cheque drawn against a licensed bank in Hong Kong and made payable in favour of the Vendors for the relevant amounts in proportion to their respective shareholdings in Grand Panorama; or

(ii) by the Purchaser procuring the Company to allot and issue up to 68,136,772 new Elected Consideration Shares to the Vendors in proportion to their respective shareholdings in Grand Panorama credited as fully paid at the Issue Price of HK$0.102 provided that the number of Elected

Consideration Shares allotted and issued hereunder when aggregated with the Consideration Shares allotted and issued mentioned in the above table shall not exceed 25% of the total issued Shares as enlarged by the allotment and issue of new Shares pursuant the terms and conditions of the Sale and Purchase Agreement.

Any shortfall between the value of the Elected Consideration Shares if allotted at the Issue Price and the remaining portion of consideration of HK$18,000,000 will be settled in cash by the Purchaser upon Completion.

Assuming the Purchaser elected to settle the HK$18,000,000 consideration by Elected Consideration Shares, the following is a table showing the number and percentage of Elected Consideration Shares to be allotted and issued to the Vendors in proportion to their respective shareholdings in Grand Panorama:

Name of Vendors	Total Number of Elected Consideration Shares to be allotted and issued	Percentage interest of the Elected Consideration Shares to the existing issue share capital (%) (approximately)	Percentage interest of the Elected Consideration Shares to the issued share capital of the Company as enlarged by the Consideration Shares and Elected Consideration Shares (%) (approximately)
August Change Investments Limited	12,500,359	2.24	1.68
Recognition International Limited	6,053,839	1.09	0.81
John S & Sherry H Chen 1994 Family Trust	2,905,842	0.52	0.39
Toh Teng Peow David	3,147,997	0.56	0.42
Tam Yuk Ching Jenny	2,362,633	0.42	0.32
Double Assets Investments Limited	1,577,270	0.28	0.21
Profitone Agents Limited	11,361,583	2.04	1.53
Universal Chinese Limited	15,072,421	2.70	2.03
Ever Perform Technology Limited	6,577,414	1.18	0.89
Fabulous On Services Limited	6,577,414	1.18	0.89
Total:	68,136,772	12.21	9.17

Based on the closing price of HK$0.102 per Share as quoted on the Stock Exchange on 10 February 2006, being the last trading day before the entering into of the Sale and Purchase Agreement, the market capitalisation of the Consideration Shares will amount to approximately HK$12,000,000 and the market capitalisation of the Elected Consideration Shares, assuming all 68,136,772 Elected Consideration Shares are allotted and issued, will amount to approximately HK$6,949,951.

The election of the allotment and issue of the Elected Shares is at the sole discretion of the Purchaser, depending on the financial and other relevant circumstances of the Group at Completion. As at the Latest Practicable Date, the Purchaser has not yet exercised its discretion.

In the Sale and Purchase Agreement, there are no specific terms governing the non-payment of the consideration for the Acquisition. The non-payment of the said consideration will constitute a breach to the Sale and Purchase Agreement and the Vendors will be entitled to claim for compensation under law.

Pursuant to the Sale and Purchase Agreement, the Vendors have agreed to provide the Profit Guarantees covering both financial years ending 31 December 2006 and 31 December 2007. The Profit Guarantees guarantee that the audited consolidated net profits before tax and any extraordinary or exceptional items of Grand Panorama for the financial years ending 31 December 2006 and 31 December 2007 will not be less than RMB4,000,000 and RMB6,000,000 respectively. In the event the Profit Guarantees are unachieved, the Vendors will, jointly and severally, be obligated to pay to the Purchaser in cash the difference between the actual audited profit for the relevant financial year and the guaranteed profit for the same year multiplied by three within seven days after the delivery of the audited consolidated financial statements of Grand Panorama for that financial year. The aggregate consideration of HK$30,000,000 for the Acquisition is approximately equivalent to the aggregate guaranteed profits under the Profit Guarantees multipled by three. The Profit Guarantees, which represent a price earning ratio of 6 times for one year will apply over the whole of the financial years ending 31 December 2006 and 2007 respectively. Given the goodwill and the business prospects of Grand Panorama as further elaborated below, with the fact that the price earning ratios of the other established industry players in this business sector range from 6 to 8.5 times, the Directors are of the view that the aforesaid Profit Guarantees are fair and reasonable.

The Profit Guarantees are provided by the Vendors who are confident in the operation of the business of Grand Panorama in achieving the targets. Although Grand Panorama and its subsidiary was recently established on 6 December 2005, the real estate agency services business assumed from Bonity was established in early 2003 by it, which has established certain degree of reputations in this business sector in the PRC. According to the records and statistics compiled on a monthly basis by Shanghai Real Estate Broker Trade Association (上海市房地產經紀行業協會), the turnover of Bonity has been among the top-five in Shanghai in this business sector for the period from October 2003 to November 2005. Taken into account of the reputations, the Directors consider that the Profit Guarantees, which are in the interests of the Shareholders, are given on a fair basis.

Although the audited consolidated pro forma net asset value of Grand Panorama is of a negative value of approximately RMB1.7 million as at 31 December 2005, the Board considers that the consideration for the Acquisition is fair and reasonable for reasons set out below.

The prospect of a servicing business lies in its earning potential, rather than its net assets value and the real estate services market in the PRC is still at a developing stage. According to the PRC National Bureau of Statistics, the fixed-assets investment rate in PRC had increased from approximately 10.3% in 2001 to approximately 25.8% in 2004. And with the rise of the middle class in the PRC, the Board considers that there will be a huge demand for professional real estate services. Taking into account of the rapid growing economy in PRC and the increase in demand for professional property services, it is expected that there are potentials in the future development of the business which Grand Panorama is currently engaged in. The Directors consider that the Acquisition represents a good opportunity for the Group to enter into the market.

As regards, Grand Panorama, as a company providing professional property consulting agency services, the prospects and the professional services which it provides are of more importance. Although Grand Panorama and its subsidiary was recently established on 6 December 2005, the real estate agency services business assumed from Bonity was established in early 2003 by it, which has established certain degrees of reputations in this business sector in the PRC. The reputations of Bonity can be illustrated from the various achievements obtained by Bonity such as the Gold Bridge Award (金橋獎) awarded by Shanghai Real Estate Broker Trade Association (上海市房地產經紀行業協會) to Bonity and the classification as an "A" grade second-hand property co-operative broker (二手房中介服務合作機構－A級) by the Bank of China, Shanghai Branch in 2005. Taking into account of the reasons above, the Board considers that the reputations and the prospect of the business of Grand Panorama are better indicators that reflect its value than the net assets value.

Taken into consideration of the prospects, the Profit Guarantees and the business opportunity to tap into the property agency market in the PRC, the Board considers that the consideration for the Acquisition is fair and reasonable and fully justifiable.

The consideration for the Acquisition was arrived at after arm's length negotiations between the parties to the Sale and Purchase Agreement. The Directors (including the independent non-executive Directors) consider the terms and conditions of the Acquisition to be fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

The Consideration Shares and the Elected Consideration Shares

The Issue Price represents:

(a) the closing price of HK$0.102 per Share as quoted on the Stock Exchange on 10 February 2006, being the last trading day before the entering into of the Sale and Purchase Agreement;

(b) the average of the closing prices of HK$0.102 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 10 February 2006, being the last trading day before the entering into of the Sale and Purchase Agreement;

(c) a discount of approximately 61.66% to the net tangible asset value of approximately HK$0.266 per Share based on the Group's net tangible assets as at 31 December 2004 of approximately HK$133,757,000 (as shown in the Group's audited consolidated financial statements made up to 31 December 2004);

(d) a discount of approximately 3.77% to the closing price of HK$0.106 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and

(e) a discount of approximately 2.30% to the average closing prices of HK$0.1044 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Latest Practicable Date.

The Issue Price was arrived at after arm's length negotiation between the Group and the Vendors. The Directors (including the independent non-executive Directors) consider that the Issue Price is fair and reasonable and in the interests of the Shareholders as a whole.

The allotment and issue of the Consideration Shares and the Elected Consideration Shares (if any) are subject to the passing of an ordinary resolution by the Shareholders at the SGM approving and authorising the Sale and Purchase Agreement and the transactions contemplated thereby, including but not limited to the allotment and issue of the Consideration Shares and the Elected Consideration Shares.

Pursuant to the terms and conditions of the Sale and Purchase Agreement, each of the Vendors undertakes that they will not dispose of the Consideration Shares and the Elected Consideration Shares (if any) without prior consent of the Company for a period of twelve months immediately after the allotment and issue of the Consideration Shares or, as relevant, the Elected Consideration Shares.

The 117,647,059 Consideration Shares to be allotted and issued, assuming the Purchaser does not exercising its discretion to procure the Company to allot and issue the Elected Consideration Shares in lieu of cash consideration, represent approximately 21.12% of the existing issued share capital of the Company and approximately 17.43% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares. Assuming the Purchaser exercises its sole discretion and elected to procure the Company to allot and issue all the 68,136,772 Elected Consideration Shares, the aggregate of the Consideration Shares and the Elected Consideration Shares of 185,783,831 Shares represent approximately 33.33% existing issued share capital of the Company and approximately 25.00% of the issued share capital of the Company as enlarged by the allotment and issue of the aggregate of Consideration Shares and the Elected Consideration Shares.

The Consideration Shares, and the Elected Consideration Shares, if any, when allotted and issued, will rank pari passu in all respects among each other and with the Shares in issue on the date of allotment and issue of the Consideration Shares and the Elected Consideration Shares.

Condition

The Acquisition is conditional upon the satisfaction of the following:

(a) the Purchaser being satisfied with the results of the due diligence review in particular the review of the assets, liabilities, operations and affairs of Grand Panorama and its subsidiaries as the Purchaser may reasonably consider appropriate to see if there is any hidden items or terms of contracts affecting or prohibiting the Acquisition;

(b) the warranties provided by the Vendors under the Sale and Purchase Agreement remaining true and accurate in all respects;

(c) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Consideration Shares and the Elected Consideration Shares, if so elected by the Purchaser;

(d) all necessary consents and approvals required to be obtained on the part of the Company or the Vendors in respect of the Sale and Purchase Agreement and the transactions contemplated thereby having been obtained;

(e) if necessary, the Bermuda Monetary Authority granting consent to the allotment and issue of the Consideration Shares and the Elected Consideration Shares, if so elected by the Purchaser;

(f) completion of the transfer of business relating to property consulting agency from Bonity to Conity, a wholly owned subsidiary of Grand Panorama, in such manner as the Purchaser may approve; and

(g) the passing by the Shareholders at the SGM of the necessary resolutions to approve the Sale and Purchase Agreement and the transactions contemplated thereunder, including but not limited to the allotment and issue of the Consideration Shares and the Elected Consideration Shares.

Save for conditions (c), (d), (e), (f) and (g), which are incapable of being waived, the Purchaser may at any time waive in writing the conditions (a) and/or (b) set out above. If the conditions are not fulfilled (or as the case may be, waived by the Purchaser) on or before 4:00 p.m. on 31 May 2006 (or such later date as the parties to the Sale and Purchase Agreement may agree), the Sale and Purchase Agreement shall cease and determine and thereafter neither party to the Sale and Purchase Agreement shall have any obligations and liabilities towards each other save for any antecedent breaches of the terms thereof. On 26 May 2006, the Purchaser and the Vendors agreed to extend the last day for the satisfaction of the conditions of the Sale and Purchase Agreement from 31 May 2006 to 30 June 2006. Save for the said change, the terms of the Sale and Purchase Agreement remain unchanged and effective. The Purchaser does not have any current intention to waive any of conditions (a) and/or (b). Shareholders' approval will be sought should any of conditions are being waived by the Purchaser and further announcement regarding to that will be made accordingly.

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares and the Elected Consideration Shares.

Completion

Completion is expected to take place on the second Business Day after the fulfillment (or waiver) of the conditions (or such later date as the parties to the Sale and Purchase Agreement may agree) mentioned above.

Upon Completion, Grand Panorama will become an indirect wholly owned subsidiary of the Company and the financial results of Grand Panorama will be consolidated with the Group. The Company will nominate its two executive Directors, Mr. Chan Tze Ngon and Mr. Wu Emmy to the board of directors of Grand Panorama upon Completion. No new Director will be appointed to the Board upon Completion.

Whilst the Group has no previous experience in this business sector, the Group nevertheless has secured a team of professional and experienced key employees with first-hand knowledge in the real estate brokeraging business through the Acquisition to operate the business. Mr. Samuel Lin Jr., the sole existing director of Grand Panorama, will also be retained as a director of Grand Panorama to assist the Group to manage the business of Grand Panorama. With the management expertise and experience of these key employees, the Board considers that the Group will be able to engage in the business without serious difficulties.

INFORMATION ON THE VENDORS

Name of Vendors	**General description of the Vendors and in cases where the Vendor is a company, the principal business activities carried on by such Vendors**	**Shareholdings in Grand Panorama** *(approximately %)*
August Chance Investments Limited	Investment holdings	1,910 (18.35%)
Recognition International Limited	Investment holdings	925 (8.88%)
John S & Sherry H Chen 1994 Family Trust	Trust Fund	444 (4.26%)
Toh Teng Peow David	Merchant	481 (4.62%)
Tam Yuk Ching Jenny	Merchant	361 (3.47%)
Double Assets Investments Limited	Investment holdings	241 (2.31%)
Profitone Agents Limited	Investment holdings	1,736 (16.67%)
Universal Chinese Limited	Investment holdings	2,303 (22.12%)
Ever Perform Technology Limited	Investment holdings	1,005 (9.66%)
Fabulous On Services Limited	Investment holdings	1,005 (9.66%)
		10,411 (100%)

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendors and in the case the Vendor being a corporation, their ultimate beneficial owners, are third parties independent of and not connected with the Company and its directors, chief executive or substantial Shareholder or any of its subsidiaries or associates of any of them.

INFORMATION ON GRAND PANORAMA

Grand Panorama is incorporated in the British Virgin Islands with limited liability which together with its subsidiary engage principally in investment holdings and the provision of property consulting agency services in the PRC, involving the real estate brokeraging of properties of secondary sales, rental and lease of real estate properties and the provision of property-related services to its customers, including but not limited to the application to banks for mortgage of property and after-sale services such as registration of relevant documents with PRC government authorities.

The property consulting agency services business was established in early 2003 by Bonity, a reputable company in this business sector, and the transfer of business is substantially completed, pending the transfer of the leases of the relevant branches of Bonity to Conity, a wholly owned subsidiary of Grand Panorama. An agreement in respect of the transfer of business of the Residential Department and Non-residential (Commercial) Department of Bonity to Conity has been entered into between Bonity and Conity with effect from 1 January 2006, after arm's length negotiations between the parties. Pursuant to the agreement, Conity agreed to acquire the property, plant and machinery and prepayment relating to the business of the two divisions of Bonity at the carrying value. The establishment of Conity as a wholly foreign owned enterprise has already been approved by the PRC authorities, and the transfer of business from Bonity to Conity is undergoing. This transfer of business, as disclosed above, is one of the conditions of the Sale and Purchase Agreement. Assuming that the transfer of business fails to complete in such manner as stipulated, Completion will not take place. Various well known international customers had been customers of Bonity. According to the records and statistics compiled monthly by Shanghai Real Estate Broker Trade Association (上海房地產經紀行業協會), the turnover of Bonity has been among the top-five in Shanghai in this business sector for the period of October 2003 to November 2005.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the shareholders of Bonity and Ms. Sandy Huang, the general manager of Bonity are third parties independent of and not connected with the Company.

At this developing stage of business, Grand Panorama focuses on providing professional property consulting agency services on specifically commercial and residential properties in the PRC. At this early stage of business, Grand Panorama concentrates on the market in Shanghai, PRC.

The PRC property market is under rapid development in the past few years. However, after the implementation of the macro-control policy on the real estate market of Shanghai in early 2005, the branch number of property brokers in Shanghai has reduced from approximately 13,000 to approximately 7,000 and a number of players in this business sector have been knocked out from the market, though Bonity was able to maintain its normal business operation in 2005. The Directors believe that the effect of macro-control policy tends to be temporary and when a healthy market is reinstated, the market will undergo further growth and development. Given the continuous growth in the economy of the PRC, the Directors consider that there will be potentials for further development of the business of Grand Panorama.

Since Bonity also carries on other businesses which the Company does not intend to acquire, thus, the Company decided to acquire Grand Panorama instead of Bonity with the latter transferring the business of the Residential Department and the non-residential (Commercial) Department to Conity. The Residential Department is now carrying business in the central and southern districts of the main part of the Shanghai city. The assets and liabilities of the remaining divisions of Bonity are not to be transferred to Conity.

The financial statements of Bonity for the year ended 31 December 2003 and 2004 were audited by Ernst & Young ("EY"). EY issued a qualified opinion on the financial statement for the year ended 31 December 2004 in respect of limitation of audit scope. They stated that the financial statements of Bonity for that year gave a true and fair view except for any adjustments that might have been found to be necessary had they been able to obtain assurance as regards certain rental expenses and service fee income. Further details on the financial information of Bonity can be found in Appendix IIB of this circular.

As disclosed in the pro forma unaudited consolidated financial statements of Grand Panorama, the turnover, net profit before taxation and net profit after taxation for the financial year ended 31 December 2004 were approximately RMB14 million, RMB3.3 million and RMB3.3 million respectively. As disclosed in the pro forma audited consolidated financial statements of Grand Panorama, the audited turnover, net loss before taxation and net loss after taxation for the year ended 31 December 2005 were approximately RMB13 million, RMB3.6 million and RMB3.6 million respectively. The pro forma audited consolidated total assets of Grand Panorama as at 31 December 2005 was approximately RMB4.3 million and the audited consolidated net asset value of Grand Panorama was of a negative value of approximately RMB1.7 million as at 31 December 2005. These pro forma figures were arrived at by combining the financial figures of Grand Panorama and Conity with the business of Bonity transferred which shows information as if the transfer of business from Bonity to Conity had been completed on 1 January 2004. The Directors are of the view the net loss of Grand Panorama for the year ended 31 December 2005 was mainly due to the macro-control of the PRC government on the real estate market of Shanghai in early 2005. The macro-control policy of the PRC government is imposed in order to control the overheated property market. The Directors believe that it will only be a temporary measure which will be removed once a healthy market is reinstated. However, in light of the continuous economic growth in the PRC and the steady demand for professional property services, the Directors consider that there are still potentials and prospects in the PRC property market in the long run.

Since Grand Panorama was established on 6 December 2005, there had not been any operations or turnovers recorded prior to the entering into of the Sale and Purchase Agreement.

The Directors noted that there was discrepancy between the figures as disclosed in this circular and the unaudited figures as disclosed in the announcement (the "Announcement") of the Company dated 10 February 2006. The following table showing the discrepancy between the figures disclosed in this circular and the figures as disclosed in the Announcement:

	Figures in this circular *(approximately RMB)*	**Figures in the Announcement** *(approximately RMB)*
For the year ended 31 December 2004		
turnover	RMB14 million	RMB13 million
net profit before taxation	RMB3.3 million	RMB1.3 million
net profit after taxation	RMB3.3 million	RMB1.3 million
For the year ended 31 December 2005		
turnover	RMB13 million	RMB13 million
net loss before taxation	RMB3.6 million	RMB2.55 million
net loss after taxation	RMB3.6 million	RMB2.55 million
Consolidated total asset value as at 31 December 2005	RMB4.3 million	RMB4.6 million
Consolidated net negative asset value as at 31 December 2005	RMB1.7 million	RMB4.3 million

To the best knowledge of the Directors, the primary reason for the discrepancy was due to clerical errors and audit adjustments. Despite such discrepancy, the Directors still consider that the Acquisition is fair and reasonable and is in the interests of the Company and Shareholders as a whole. The discrepancy in the figures would neither affect the consideration payable nor the Acquisition.

REASONS FOR THE ACQUISITION

The principal activity of the Company is investment holding with its subsidiaries principally engaged in the distribution of computer hardware and software products and the provision of computer technology services.

According to the audited consolidated financial statements of the Group for the years ended 31 December 2004 and 31 December 2005, the turnover of the Group was approximately HK$237,841,000 and HK$225,108,000 respectively, the net loss before taxation of the Group was approximately HK$29,755,000 and HK$39,516,000 respectively and the net loss after taxation of the Group was approximately HK$29,930,000 and HK$37,843,000 respectively.

According to the statistics of the National Bureau of Statistics of China, the real GDP Growth of the PRC for the years from 2000 to 2004 has kept at a rate of not less than 7.5% per annum. As the economy in the PRC undergoes a continuous growth, the Directors believe that there are great potentials and opportunities in many of the business sectors in the PRC, including the property consulting agency services sector. This belief is supported by the fact that the fixed-asset investment rate had increased from about 10.3% in 2000 to about 25.8% in 2004, according to the National Bureau of Statistics of China.

The Directors have always been proactive in seeking opportunities for diversifying the scope of business of the Group. The Directors consider that the Acquisition represents an opportunity to assist the Group to diversify its existing business and also a chance for the Group to tap into a new market in the PRC at a relatively early stage, which is expected to undergo growth and development with the economy of PRC.

Whilst the Group has no previous experience in this business sector, the Company had nonetheless been successful in retaining experienced employees of Grand Panorama through the Acquisition. Additionally, the Profit Guarantees provided the Group a guaranteed income of RMB4,000,000 for the year 2006 and RMB6,000,000 for the year 2007 from Grand Panorama. With these experienced employees and the Profit Guarantees given by the Vendors, the Directors consider that the Acquisition represents an opportunity for the Group to diversify its current business.

As at the Latest Practicable Date, the Company does not have definite business plans in the development of Grand Panorama. However, it is expected that Grand Panorama and its subsidiary will utilise the existing information technology of the Group. Reference is made to the announcement of the Company dated 26 August 2005 in relation to the acquisition of Acacia Asia Partners Limited ("**Acacia**"). The Board expects that the proprietary software for data management developed by Acacia will assist Grand Panorama to further develop its business. The ease of access to market information, such as details of properties and the needs of customers, plays a key role in providing efficient property agency services to customers. The Board is of the view that the proprietary software developed by Acacia will serve this purpose and allow Grand Panorama to access these crucial information with ease and efficiency. The technology will let Grand Panorama to have an advantage over its competitors. It is expected that Grand Panorama and its subsidiary will continue to provide professional property agency and consulting services in the PRC.

The prospect of Grand Panorama depends on the future development of the PRC property market. Given the continuous GDP growth of the PRC and the steady increase in the fixed-asset investment rate in the PRC, the Directors are of the view that the PRC property market is full of opportunities and potentials. Although Grand Panorama and its subsidiary were recently established on 6 December 2005, the property consulting agency services business assumed from Bonity was established in about the end of 2002 by it, which has established certain degree of reputations in this business sector in the PRC. According to the records and statistics compiled on a monthly basis by Shanghai Real Estate Broker Trade Association (上海市房地產經紀行業協會), the turnover of Bonity has been among the top-five in Shanghai in this business sector for the period from October 2003 to November 2005. Taken into account of the reputations and the potentials in the future PRC property market, the Directors are of the view that the Acquisition will be beneficial in future.

Upon Completion, Grand Panorama will become a wholly own subsidiary of the Group. Immediately after Completion, the Acquisition will lead to a decrease in the amount of the net assets of the Group by approximately HK$1,648,000 and an increase in loss of approximately HK$3,545,000 if the 2005 pro forma figures of Grand Panorama are used. Nevertheless, given the aforesaid reasons, in the long run, it is expected that Grand Panorama, as a subsidiary of the Group, will contribute positively to the results of the Group.

Grand Panorama has been suffering net loss for the financial year ended 31 December 2005 and the Directors are of the opinion that it was mainly due to the macro-control policy of the PRC government on the real estate market of Shanghai in early 2005. The Directors believe that the macro-control policy is a temporary measure that targets to cool down the overheated speculating activities, which shall be removed once a healthy property market is reinstated.

In view of the Profit Guarantees, the future business prospects of Grand Panorama and the opportunity in tapping into a new market in the PRC, the Directors believe that it is an appropriate time to invest and extend the Company's scope of business in the PRC, and the Directors (including the independent non-executive directors) consider that the Acquisition, including the allotment and issue of the Consideration and the Elected Consideration Shares (if any), is reasonable and fair and in the interests of the Shareholders as a whole.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

Name of Shareholders	As at the Latest Practicable Date		Immediately after Completion (assuming no Elected Consideration Shares in lieu of cash consideration will be allotted and issued)		Immediately after Completion (assuming all the Elected Consideration Shares in lieu of cash payment will be allotted and issued)	
	Shares	%	Shares	%	Shares	%
Chan Tze Ngon	125,542,000	22.52	125,542,000	18.60	125,542,000	16.89
The Vendors (Public Shareholders)						
August Chance Investments Limited	–	–	21,583,506	3.20	34,083,865	4.59
Recognition International Limited	–	–	10,452,745	1.55	16,506,584	2.22
John S & Sherry H Chen 1994 Family Trust	–	–	5,017,318	0.74	7,923,160	1.07
Toh Teng Peow David	–	–	5,435,427	0.81	8,583,424	1.16
Tam Yuk Ching Jenny	–	–	4,079,396	0.60	6,442,029	0.87
Double Assets Investments Limited	–	–	2,723,364	0.40	4,300,634	0.58
Profitone Agents Limited	–	–	19,617,260	2.91	30,978,843	4.17
Universal Chinese Limited	–	–	26,024,511	3.86	41,096,932	5.53
Ever Perform Technology Limited	–	–	11,356,766	1.68	17,934,180	2.41
Fabulous On Services Limited	–	–	11,356,766	1.68	17,934,180	2.41
Existing Public Shareholders	431,809,493	77.48	431,809,493	63.97	431,809,493	58.10
Total:	557,351,493	100.00	674,998,552	100.00	743,135,324	100.00

LISTING RULES IMPLICATION

The Acquisition constitutes a major transaction on the part of the Company under Rule 14.06 of the Listing Rules and the Acquisition is subject to the approval of the Shareholders. To the best belief, information and knowledge of the Directors, after making reasonable enquiries, no Shareholders have a material interest in the Acquisition and are required to abstain from voting at the SGM.

SGM

A notice convening the SGM to be held at Room 3101, 31st Floor, 118 Connaught Road West, Hong Kong on Friday, 16 June 2006 at 11:00 a.m. is set out on pages 149 to 150 of this circular.

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 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 SGM or any adjournment thereof. Completion and return of 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 unless 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:

(i) by the chairman of such meeting; or

(ii) by 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) by 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) by 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.

According to bye-law 74 of the bye-laws of the Company, unless a poll is demanded and not withdrawn, a declaration by the chairman that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect made 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 or against such resolution.

RECOMMENDATION

The Board (including the independent non-executive Directors) considers that the terms of the Acquisition, including the consideration are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the resolutions as set out in the notice of the SGM.

ADDITIONAL INFORMATION

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

Yours faithfully
On behalf of the Board
Technology Venture Holdings Limited
Chan Tze Ngon
Chairman

(A) SUMMARY OF FINANCIAL INFORMATION

The following is a summary of the audited consolidated profit and loss accounts and the assets and liabilities of the Group for each of the three years ended 31 December 2005.

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

(B) AUDITED FINANCIAL STATEMENTS

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

Consolidated Profit and Loss Account

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

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

Consolidated Balance Sheet

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

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

Consolidated Statement of Changes in Equity
Year ended 31 December 2005

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

Consolidated Cash Flow Statement
Year ended 31 December 2005

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

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

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

Balance Sheet
At 31 December 2005

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

Notes to Financial Statements

31 December 2005

1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

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

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

The adoption of HKFRS

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

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

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

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

– HKAS 1 has affected the presentation of minority interest.

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

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

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

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

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

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

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

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

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

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

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

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

2.2 Consolidation

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

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

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

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

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

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

2.3 Segment reporting

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

2.4 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

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

(c) Group companies

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

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

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

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

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

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

2.5 Fixed assets

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

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

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

–	Leasehold improvement	33 1/3% or over the lease terms, whichever is lower
–	Vehicles	33 1/3%
–	Furniture, fittings and equipment	33 1/3%

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

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

2.6 Intangible assets

(a) Goodwill

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

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

(b) Computer software

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

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

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

(c) Deferred development costs

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

2.7 Impairment of assets

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

2.8 Available-for-sale investments

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

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

2.9 Inventories

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

2.10 Financial instruments

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

Financial assets

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

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

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

(b) Cash and cash equivalents

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

Financial liabilities and equity

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

(a) Accounts payable

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

(b) Equity instruments

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

2.11 Employee benefits

(a) Post-employment benefits

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

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

(b) Share-based compensation

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

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

(c) Termination benefits

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

(d) Profit-sharing and bonus plans

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

2.12 Provision

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

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

2.13 Revenue recognition

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

(a) Sale of goods

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

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

(b) Rendering of service

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

(c) Interest income

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

2.14 Leases

(a) Operating lease

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

(b) Finance lease

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

2.15 Income tax

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

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

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

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

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

2.16 Related parties

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

3. FINANCIAL RISK MANAGEMENT

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

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

(a) Market risk

(i) Currency risk

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

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

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

(ii) Price risk

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

(b) Credit risk

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

(c) Liquidity risk

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

(d) Cash flow and fair value interest rate risk

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

4. IMPORTANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

5. SEGMENT INFORMATION

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

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

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

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

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

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

(a) Business segments

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

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

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

(b) Geographical segments

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

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

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

6. REVENUE AND OTHER INCOME

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

An analysis of revenue and other income is as follows:

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

7. LOSS FROM CONTINUING OPERATIONS

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

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

8. REMUNERATION OF DIRECTORS AND THE FIVE HIGHEST PAID EMPLOYEES

(a) Directors

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

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

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

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

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

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

(c) Five highest paid employees

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

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

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

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

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

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

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

9. FINANCE COSTS

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

10. TAX

	Continuing Operations 2005	**Discontinued Operation 2005**	**2005 Total**	**2004 Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Current tax:				
Hong Kong	–	–	–	–
Mainland China	1,160	131	1,291	1415
Underprovision (Overprovision) in prior years	(3,499)	609	(2,890)	(1240)
Tax (income) charge	(2,339)	740	(1,599)	175
Deferred tax *(Note 27)*	(74)	–	(74)	–
	(2,413)	740	(1,673)	175

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

The current tax charge principally relate to the following companies.

(a) Continuing operations

The corporate income tax rate applicable to 冠亞科技(上海)有限公司, a subsidiary of the Company established in Mainland China, is 27%.

The corporate income tax rate applicable to 冠亞信息科技服務(上海)有限公司, a subsidiary of the Company established in Mainland China, is 33%.

(b) Discontinued operation

北京先進數通信息技術有限公司("北京先進數通"), a subsidiary of the Company established in Mainland China, is exempted from corporate income tax for three years starting from the year ended 31 December 2001, and thereafter is eligible for a 50% relief from income tax for the following three years under the Income Tax Law of China. The corporate income tax rate applicable to 北京先進數通 is 15%. As a result of the exemptions, 北京先進數通 is exempted from the obligation to pay income tax for the years ended 31 December 2001, 2002 and 2003, and subject to income tax at the rate of 7.5% for the year ended 31 December 2004 and 31 December 2005.

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

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

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

11. LOSS PER SHARE

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

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

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

12. FIXED ASSETS

Group

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

Company

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

13 INTANGIBLE ASSETS

Group

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

14. INTERESTS IN SUBSIDIARIES

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

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

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

Company	Place of incorporation/ and operations	Nominal value of paid-up share/ registered capital	Proportion of ownership interest 2005	Proportion of ownership interest 2004	Principal activities
Held directly:					
Technology Venture Investments Limited	British Virgin Islands/ Hong Kong	Ordinary US$1,000	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
Advanced Digital Technology Company Limited	British Virgin Islands/ Mainland China	Ordinary US$1,000	100	55	Investment holding
Advanced Digital Technology Company Limited	Hong Kong/ Mainland China	Ordinary HK$2	100	55	Provision of systems integration services and software development

Company	Place of incorporation/ and operations	Nominal value of paid-up share/ registered capital	Proportion of ownership interest 2005	2004	Principal activities
冠亞科技(上海)有限公司 *(note 1)*	Mainland China	Registered Capital US$3,800,000	100	100	Distribution of information technology products and provision of computer technology services
冠亞信息科技服務(上海)有限公司 *(note 2)*	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	–	Investment holding
上海阿加斯網絡科技有限公司 *(note 3)*	Mainland China	Registered Capital US$140,000	100	–	Network technology, software development and provision of technical support services

Notes:

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

2. 冠亞信息科技服務(上海)有限公司 is a wholly-foreign owned enterprise established by Topasia Computer Limited in Mainland China for a period of 20 years commencing from the date of issuance of its business licence on 28 January 2002.

3. 上海阿加斯網絡科技有限公司 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.

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

15 GOODWILL PREVIOUSLY TAKEN DIRECTLY TO RESERVES

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

	2005 *HK$'000*	**2004** *HK$'000*
Goodwill acquired in business combinations:		
At beginning of the year	43,248	43,248
Write-off on disposal of a subsidiary *(Note 33b (2))* – 北京先進數通信息技術有限公司	(42,646)	–
Impairment losses – Sequent China/Hong Kong Limited	(602)	–
At end of the year	–	43,248

16. INTEREST IN A JOINTLY CONTROLLED ENTITY

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

The investments of 33.33% in 北京先進一心軟件有限公司 was disposed of together with 北京先進數通 in November 2005.

17. FINANCIAL ASSETS

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

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

18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

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

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

19. INVENTORIES

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

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

20. ACCOUNTS AND BILLS RECEIVABLE

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

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

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

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

21. IMPAIRMENT OF GOODWILL

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

22. CASH AND CASH EQUIVALENTS

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

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

23. ACCOUNTS AND BILLS PAYABLE

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

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

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

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

24. ACCRUED LIABILITIES AND OTHER PAYABLES

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

Notes:

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

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

25. BANK AND OTHER BORROWINGS

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

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

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

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

(iii) the pledge of the Group's accounts receivable of RMBNil (2004: RMB385,000) (*note 20*); and

(iv) the pledge of bank deposits of the CCT Group of US$Nil (2004: US$3,300,000).

26. OBLIGATION UNDER FINANCE LEASE

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

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

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

27. DEFERRED TAX

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

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

28. SHARE CAPITAL

Shares

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

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

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

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

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

29. SHARE OPTION SCHEME

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

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

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

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

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

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

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

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

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

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

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

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

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

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

30. RESERVES

(a) Group

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

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

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

(b) Company

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

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

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

31. NOTES TO THE GROUP CASH FLOW STATEMENT

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

32. BUSINESS COMBINATION

In September 2005, the Group acquired 100% of the share capital of Acacia Asia Partners Limited ("Acacia") which in turn holds 100% of 上海阿加斯網絡科技有限公司. The relevant information about the acquisition are as follows:

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

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

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

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

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

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

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

(d)

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

33. DISCONTINUED OPERATION

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

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

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

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

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

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

(c) Net cashflow of the discontinued operation

Net cashflow attributable to:

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

34. COMMITMENTS

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

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

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

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

35. CONTINGENT LIABILITIES

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

Company and Group

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

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

36. RELATED PARTY TRANSACTIONS

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

The following transactions were carried out with related parties:

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

The service and interest charges are based on market rates.

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

The charges are based on market rate of the service.

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

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

Notes:

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

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

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

37. EVENTS AFTER THE BALANCE SHEET DATE

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

(C) INDEBTEDNESS STATEMENT

As at 30 April 2006, the Group had total outstanding borrowings of approximately HK$353,000, comprising unsecured bank overdraft of approximately HK$167,000, finance lease payables of approximately HK$186,000.

Save as aforesaid and apart from intra-group liabilities, as at 30 April 2006 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 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, guarantees or other material contingent liabilities.

(D) WORKING CAPITAL STATEMENT

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

(E) FINANCIAL AND TRADING PROSPECTS OF THE GROUP

2005 was a pivotal year of evolution for the Group with the acquisition of Acacia, the consent to the exchange of ChinaCast shares with Great Wall shares, and the disposal of ADT BJ. The latest acquisition of Grand Panorama moves the Group further towards becoming an investment holding company.

With the new business fundamentals as reflected by the proposed company name change which has been announced in the announcement of the Company dated 25 January 2006, the Directors believe that the Group is now more positively poised to secure favorable yields for the shareholders. The year ahead is one of actively integrating Acacia into the core operation of the Group, aggressively developing TopAsia, proactively looking for new investments of potential, and optimizing the business constitution of the Group, including the newly acquired real estate agency business of Grand Panorama upon completion of the transaction.

TopAsia will continue to control cost and develop new business for higher profitability. A 10% growth target has been set for 2006 and TopAsia plans to achieve this by maintaining its top-notch service standards to existing clients such as BOC, CMB and Bank of Communications, and also expanding its customer and market coverage for its self-service products and services.

It will also step up the cooperation with EMC to market storage and contingency back-up systems of different levels to financial and securities enterprises and government institutions. Given the promising development of IPTV, TopAsia will also work closely with UTStarcom to bolster sales of related peripherals and products.

Robust business development is the key for the Group. More resources will be devoted to strengthening supplier relationship, identifying new business partners, securing new products and establishing additional growth drivers. Internally, TopAsia will seek to re-affirm its ISO9000 corporate management certification with more efficient resources deployment, effective management, and importantly higher profitably.

As a newcomer to the Group, Acacia will be assimilated with corporate philosophy and culture fully aligned. Despite the latest market consolidation, the property agency sector in Shanghai and other major cities in China are fast developing and it is obvious to operators that efficient data access and management is indispensable to successful competition.

Acacia enjoys the first mover advantage of being one of the very first to provide web-based data platforms to property agencies. The primary task is to promote and market Acacia's expertise and services extensively to corner this fledging market, initially in Shanghai, and to create a formidable entry barrier for potential competitors.

While consolidating the business of Acacia, TopAsia and Grand Panorama is the primary task for 2006, the Group will continue to search for new investments in China to bring greater yields to the shareholders.

For the management discussion and analysis of the financial information condition and result of operation of the Group, please refer to the section headed "Management discussion and analysis of the financial information condition and result of operation of the Enlarged Group" in the Appendix III to this circular.

(A) ACCOUNTANTS' REPORT ON GRAND PANORAMA

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

Lawrence CPA Limited 富勤
富勤會計師有限公司

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

香港中環
德輔道中 161-167 號
香港貿易中心 3 樓

30 May 2006

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

Dear Sirs,

Introduction

We set out below our report on the financial information of Grand Panorama Limited ("the Company"), and its subsidiary, Conity Investment & Consultants (Shanghai) Co., Ltd. ("Conity") (together "the GP Group") for the period from 1 January 2005 to 31 December 2005 ("the Relevant Period"), for inclusion in the circular to shareholders of Technology Venture Holdings Limited ("TVH") (the "Circular") in connection with the acquisition by TVH of the entire equity interest in the Company.

The Company was incorporated in British Virgin Islands on 6 December 2005 and Conity was incorporated in Shanghai on 20 July 2005. On 1 January 2006, the Company acquired the entire registered capital of Conity. On the same day, Conity agreed with Bonity Property Group (Shanghai) Co., Ltd. ("Bonity") to acquire the businesses of the Residential Department (Sales Division 2) and Non-residential (Commercial) Department of Bonity ("the 2 Departments"). Bonity is engaged in the provision of property consulting agency services.

Responsibilities

The Directors of the Company have prepared the combined financial statements of the GP Group for the Relevant Period in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The Directors of the Company are responsible for preparing these financial statements which give a true and fair view of the results, cash flows and financial position of the GP Group. We have audited these financial statements for the Relevant Period in accordance with Statements of Auditing Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). It is our responsibility to form an independent opinion based on our examination and to report our opinion to you.

Basis of presentation and opinion

The financial statements presented in this report are pro forma audited financial information compiled on a full year basis incorporating the results of the business of the 2 Departments of Bonity for the full year of 2005 and of the Company and Conity since their respective incorporation on 6 December 2005 and 20 July 2005.

The combined income statement and the combined cash flow statement include the combined results and cash flows of the Relevant Period as if the current group structure comprising the Company and Conity on the date of this report has been in existence throughout the Relevant Period and as if the businesses of the 2 Departments of Bonity have been acquired by Conity on 1 January 2005. The combined balance sheet has been prepared to present the combined state of affairs as on 31 December 2005 as if the current group structure on the date of this report has been in existence on 31 December 2005 and the assets mentioned in note 8 have been acquired by Conity on that date.

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

Opinion

In our opinion, the financial information, for the purpose of this report and on the above bases, has incorporated all adjustments considered necessary and show a true and fair view of the combined state of affairs of the GP Group as at 31 December 2005 and its combined results and cash flows for the Relevant Period.

Financial Information

Combined Income Statement for the period from 1 January 2005 to 31 December 2005

	Note	**2005** *RMB*
Revenue	*2(f)*	13,540,560
Cost of services		(4,881,277)
Gross Profit		8,659,283
Incorporation expense		(8,320)
Selling and administrative expenses		(12,297,960)
Other expenses		(35,249)
Exchange loss		(2,795)
		(12,344,324)
Operating loss		(3,685,041)
Finance costs		(2,542)
Loss before income tax		(3,687,583)
Income tax expense	*4*	–
Loss for the year		(3,687,583)

Combined Balance Sheet

		As at 31 December 2005
	Note	*RMB*
Non-current assets		
Property, plant and machinery	*2(e), 8*	759,957
Current assets		
Commission receivable		3,004,683
Prepayment	*8*	77,297
Deposit and other receivables		383,675
Cash and cash equivalents		1,786
		3,467,441
Current liabilities		
Commission payable		1,369,667
Accrued expenses		8,365
Amount due to a related company	*5*	4,564,015
		5,942,047
Net current liabilities		(2,474,606)
		(1,714,649)
Capital and reserves		
Share capital	*6*	84,454
Share premium		1,051,226
Special reserve	*9*	837,254
Accumulated losses		(3,687,583)
		(1,714,649)

Company Balance Sheet

	Note	As at 31 December 2005 RMB
Non-current asset		
Interest in a subsidiary	7	1,132,885
Total asset		1,132,885
Current liabilities		
Accrued expenses		8,320
Capital and reserves		
Share capital	6	84,454
Share premium		1,051,226
Accumulated losses		(11,115)
		1,124,565
Total equity and liabilities		1,132,885

Combined Statement of Changes in Equity

	Issued capital RMB	Share premium RMB	Accumulated profit RMB	Total RMB
At 1 January 2005	–	–	–	–
Issue of capital	84,454	–	–	84,454
Share premium	–	1,051,226	–	1,051,226
Loss for the year	–	–	(3,687,583)	(3,687,583)
At 31 December 2005	84,454	1,051,226	(3,687,583)	(2,551,903)

Combined Cash Flow Statement

	2005
	RMB
Operating activities	
Operating loss	(3,687,583)
Increase in prepayment	(77,297)
Increase in deposit and other receivables	(383,675)
Increase in commission receivable	(3,004,683)
Increase in amount due to a related company	4,564,015
Increase in commission payable	1,369,667
Increase in accrued expenses	8,365
Cash used in operations	(1,211,191)
Net cash outflow from operating activities	(1,211,191)
Investing activities	
Purchases of fixed assets	(759,957)
Net cash outflow from investing activities	(759,957)
Financing activities	
Increase in issued capital	84,454
Increase in share premium	1,051,226
Increase in special reserve	837,254
Net cash inflow from financing activities	1,972,934
Net increase in cash	1,786
Cash and cash equivalents at beginning of year	–
Cash and cash equivalents at end of year	1,786
Analysis of balance of cash at end of year	
Cash held in bank	1,786

Notes to the financial information

1. CORPORATE INFORMATION

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

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the compilation of the combined financial statements are summarized below. They are materially consistent with those of the Group.

(a) Basis of preparation

The financial statements have been prepared in accordance with HKFRS. They have been prepared under the historical cost convention.

The adoption of HKFRS

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

HKAS 1	Presentation of Financial Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKFRS 3	Business Combinations

Adoption of HKFRS does not result in any change of accounting policy requiring adjustment to the accounts.

New HKFRSs issued but not yet effective are not adopted. These HKFRSs, if adopted, will not result in substantial changes to the Group's accounting policies.

(b) Combination

The combined financial statements include the financial information of the Company and Conity as if they are members of a group.

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

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated. Accounting policies of subsidiary have been changed where necessary to ensure consistency with the policies adopted by the GP Group.

In the Company's balance sheet the investment in the subsidiary is stated at cost less provision for impairment losses. The result of subsidiary is accounted for by the Company in its separate financial statements on the basis of dividend received and receivable.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements is measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements of the GP Group are presented in renminbi ("RMB"), which is the functional and presentation currency.

(ii) Transactions and balances of group companies

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.

(d) Financial instruments

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

(i) Financial assets

Cash and cash equivalents represent cash held with banks.

(ii) Financial liabilities and equity

Amount due to a related company and accrued expenses represent contractual obligation to deliver cash or exchange financial asset of another entity. An equity instrument is any contract that evidences a residual interest in the assets of the GP Group after deducting all of its liabilities.

Financial liabilities are measured at their fair values. Equity instruments issued by GP are recorded at the proceeds received, net of direct issue costs.

(e) Property, plant and equipment

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

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

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

– Office equipment	5 years
– Leasehold improvement	3 years

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

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

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

(f) Revenue recognition

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

(i) Revenue from rendering of property consulting agency services, when the service are rendered and agreed by the contract parties, which generally coincides with the time provisional agreements are signed.

(ii) Revenue consists of Bonity's incomes in 2005 from property consulting agency services of the 2 Departments acquired from Bonity as if the businesses of the divisions have been taken over on 1 January 2005.

4. INCOME TAX EXPENSE

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

The subsidiary established in Mainland China are subject to Enterprise Income Tax ("EIT") at 15%. No Enterprise Income tax was paid during the period as the company has not commenced business. There were no material unprovided deferred income tax assets or liabilities as at 31 December 2005.

5. AMOUNT DUE TO A RELATED COMPANY

	As at 31 December 2005 *RMB*
Bonity Property Group (Shanghai) Co., Ltd.	4,564,015

The amount due is unsecured, interest free and has no fixed terms of repayment.

6. SHARE CAPITAL

	As at 31 December 2005 *RMB*
Authorised and issued	84,454

7. INTEREST IN A SUBSIDIARY

	As at 31 December 2005
	RMB
Unlisted investment, at cost	1,132,885

As at the date of this Report, the Company has interest in the following subsidiary:

Company Held directly	**Place of registration and operation**	**Nominal value of registered capital**	**Interest held**	**Principal activities**
Conity Investment & Consultants (Shanghai) Co., Ltd.	Mainland China	US$140,000	100%	Property consulting agency services

8. ASSETS TAKEN OVER FROM BONITY

TVH has agreed to take over the Property, Plant and Machinery and Prepayment relating to the businesses of the 2 Departments of Bonity as shown in the Combined Balance Sheet at their carrying amounts in the books of Bonity on 31 December 2005.

9. SPECIAL RESERVE

Special reserve represents the total amount of assets agreed to be transferred on completion of the agreement on business purchase between Bonity and Conity.

10. SIGNIFICANT SUBSEQUENT EVENT

Acquisition of Conity

The Company entered into a sale and purchase agreement with Bonity Property Limited. on 1 January 2006 for the acquisition by the Company of the entire registered capital of US$140,000 of Conity at a consideration of US$140,000.

Yours faithfully
Lawrence CPA Ltd
Hong Kong

(B) ACCOUNTANTS' REPORT ON BONITY

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

Lawrence CPA Limited 富勤 富勤會計師有限公司

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

香港中環
德輔道中 161-167 號
香港貿易中心 3 樓

30 May 2006

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

Dear Sirs,

Introduction

We set out below our report on the financial information of Bonity Property Group (Shanghai) Co., Ltd. ("Company") for each of the 3 years ended 31 December 2003, 2004 and 2005 ("the Relevant Periods") for inclusion in the shareholders' circular of Technology Venture Holdings Limited ("TVH") ("the Circular") in connection with the proposed acquisition of the entire issued share capital of Grand Panorama Limited.

The Company was established on 5 December 2002 as a wholly "foreign-owned" enterprise in the People's Republic of China ("PRC"). Throughout the Relevant Periods, it was engaged in the business of property agency in Shanghai.

On 1 January 2006, pursuant to an agreement entered into between the Company and Conity, the Company transferred the economic interests of businesses of its Residential Department (Sales Division 2) and Non-residential (Commercial) Department as described in more details in note 6 hereof to Conity Investment & Consultants (Shanghai) Co., Ltd. ("Conity").

Responsibilities

The statutory financial statements of the Company for the years ended 31 December 2003 and 2004 prepared in accordance with the relevant accounting rules and regulations applicable to enterprises in the PRC are audited by Shanghai Yongdexin CPA Co., Ltd.

The financial statements of the Company for the years ended 31 December 2003 and 2004 prepared in accordance with International Financial Reporting Standards ("IFRS") are audited by Ernst & Young ("EY"). These financial statements are substantially the same as those compiled under Hong Kong Financial Reporting Standards ("HKFRS") and there are no material textual or other differences that need to be disclosed under Listing Rule 4.11(b).

EY issued a qualified opinion on the financial statements for the year ended 31 December 2004 in respect of limitation of audit scope. They stated that the financial statements of the year give a true and fair view except for any adjustments that might have been found to be necessary had they been able to obtain assurances as regards certain rental expenses and service fee income.

They said they could not obtain sufficient evidence regarding the occurrence or completeness of Rental Expenses of RMB1,794,000 and Data Collection Service Income of RMB300,000 for the year.

In accordance with the provisions of the Auditing Guideline "Prospectus and the Reporting Accountants" which governs the present reporting, we carried out additional audit procedures and reviewed the adjustment made by the Company in response to the qualification, in a view to see if we need to repeat the qualification in our present reporting.

In respect of the Rental Expenses, we understand from management that the payments were for residential premises leased to provide living accommodation for staff members who moved in from outside Shanghai.

Accordance to management, the official invoices and receipts of the leases could not be produced for the inspection by EY as the documents were lost during a relocation.

The pertinent information are described in more details in note 21 in this report.

As part of our additional audit procedures, we obtained and scrutinized the rental contracts, the property ownership certificates and the acknowledgment of receipts of rent by the landlords. We went to inspect selected units of the premises in question, talked to the staff members and reviewed their confirmation about their accomodation in the premises. We obtained explanation from Ms Sandy Huang who paid the rents on behalf of the Company and the confirmation from the Company that the rents were paid by Ms Huang for and on behalf of the Company.

We are satisfied that we have obtained sufficient evidence to verify that the payments were for residential premises as the directors assert.

In the absence of the official invoices, the rental expenses may not be allowed as deductible expenses for the purpose of enterprise income tax in Shanghai.

The Company has adjusted the financial statements by accruing the additional tax payable should the tax authority refuse to allow the rent as deductible for inability to produce the requisite official invoices by the Company.

In respect of the Data Collection Service Income, we were told that EY qualified the audit report because at the time of the audit, the Company could not locate the service contract and official invoices for inspection.

In response to our additional procedures, management managed to retrieve the contract and the official invoices for our audit, as well as the transaction report and the bank receipt advices concerning the settlement of the fee by the customer.

Based on the above evidence and adjustment, we are satisfied with the assertions on the amounts by the directors and our opinion is not qualified.

In particular, we are satisfied that the Rental Expenses were payments in respect of residential premises leased for the accommodation of non-Shanghai staff members.

The directors of the Company are responsible to compile the financial information to show a true and fair view of the results, cash flows and financial positions of the Company in accordance with HKFRS. It is our responsibility to form an independent opinion on the financial information and to report our opinion to you.

Basis of opinion

We have examined the financial statements of the Company for the Relevant Periods and have carried out such additional procedures as we considered necessary in accordance with the Auditing Guideline "Prospectuses and the Reporting Accountant" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Opinion

In our opinion, for the purpose of this report, all adjustments considered necessary have been made and the financial information gives a true and fair view of the state of affairs of the Company as at 31 December 2003, 2004 and 2005 and the results and cash flows of the Company for the Relevant Periods.

Financial Information

Income Statements

		Year ended 31 December		
		2005	2004	2003
	Notes	*RMB*	*RMB*	*RMB*
Revenue	5	32,854,005	38,834,476	14,273,438
Cost of services		(10,892,671)	(13,820,858)	(5,344,635)
Gross profit		21,961,334	25,013,618	8,928,803
Other incomes	5	297,507	315,543	82,205
Selling and marketing expenses		(14,247,482)	(15,805,076)	(4,589,712)
Administrative expenses		(20,262,192)	(8,215,439)	(3,920,713)
Other expenses		(86,516)	(411,703)	(309,853)
Operating (loss) profit	7	(12,337,349)	896,943	190,730
Finance costs	9	–	–	–
(Loss) Profit before tax		(12,337,349)	896,943	190,730
Income tax expense	10	–	(900,254)	(133,184)
(Loss) Profit for the year		(12,337,349)	(3,311)	57,546

Balance Sheets

		As at 31 December		
		2005	**2004**	**2003**
	Notes	*RMB*	*RMB*	*RMB*
Non-current assets				
Property, plant and equipment	*12*	4,147,087	3,329,841	1,743,420
		4,147,087	3,329,841	1,743,420
Current assets				
Commission receivable	*13*	4,336,973	4,891,791	3,655,346
Prepayments, deposits and other receivables		3,135,560	7,639,333	4,035,406
Cash and cash equivalents	*14*	594,191	4,833,261	2,617,398
		8,066,724	17,364,385	10,308,150
Total assets		12,213,811	20,694,226	12,051,570
Current liabilities				
Commission payable	*15*	1,976,984	3,376,843	2,186,398
Other payables		5,259,654	8,826,444	5,701,482
Amount due to a director		4,676,357	2,093,000	–
Amounts due to related companies	*16*	2,574,566	344,102	–
Provision for taxation		76,709	76,709	–
		14,564,270	14,717,098	7,887,880
Net current (liabilities) assets		(6,497,546)	2,647,287	2,420,270
Total assets less current liabilities		(2,350,459)	5,977,128	4,163,690
Non-current liabilities				
Deferred income tax liabilities	*20*	956,729	956,729	133,184
		956,729	956,729	133,184
		(3,307,188)	5,020,399	4,030,506
Capital and reserves				
Capital	*19*	8,975,926	4,966,164	3,972,960
Reserves		(12,283,114)	54,235	57,546
		(3,307,188)	5,020,399	4,030,506

Statements of Changes in Equity

	Registered capital	Retained earnings/ (Accumulated losses)	Total
	RMB	*RMB*	*RMB*
At 5 December 2002	–	–	–
Capital injection	3,972,960	–	3,972,960
Net profit for the year	–	57,546	57,546
At 31 December 2003 and at 1 January 2004	3,972,960	57,546	4,030,506
Capital injection	993,204	–	993,204
Loss for the year	–	(3,311)	(3,311)
At 31 December 2004 and at 1 January 2005	4,966,164	54,235	5,020,399
Capital injection	4,009,762	–	4,009,762
Loss for the year	–	(12,337,349)	(12,337,349)
At 31 December 2005	8,975,926	(12,283,114)	(3,307,188)

Cash Flow Statements

	Year ended 31 December		
	2005	**2004**	**2003**
	RMB	*RMB*	*RMB*
Operating activities			
(Loss)/profit before tax	(12,337,349)	896,943	190,730
Adjustments for:			
Interest income	(11,318)	(15,543)	(4,105)
Depreciation	1,482,553	840,860	276,299
Provision for doubtful debts	865,616	–	304,745
Loss on disposal of fixed assets, net	170,071	73,741	4,986
Operating (loss) profit before changes in working capital	(9,830,427)	1,796,001	772,655
Increase in commission receivable	(310,798)	(1,236,445)	(3,960,091)
Decrease (Increase) in prepayment and other receivables	4,503,773	(3,603,927)	(4,035,406)
Increase in amount due to directors	2,583,357	2,093,000	–
Increase in amount due to holding company and a fellow subsidiary	2,230,464	344,102	–
(Decrease) Increase in accrued expenses and other payables	(3,566,790)	3,124,962	5,701,482
(Decrease) Increase in commission payables	(1,399,859)	1,190,445	2,186,398
Cash (used in) generated from operations	(5,790,280)	3,708,138	665,038
Net cash (outflow) inflow from operating activities	(5,790,280)	3,708,138	665,038
Investing activities			
Purchases of fixed assets	(2,469,870)	(2,501,022)	(2,027,205)
Proceeds from disposal of fixed assets	–	–	2,500
Interest received	11,318	15,543	4,105
Net cash outflow from investing activities	(2,458,552)	(2,485,479)	(2,020,600)
Financing activities			
Proceeds from issue of capital	4,009,762	993,204	3,972,960
Net cash inflow from financing activities	4,009,762	993,204	3,972,960
Net (decrease) increase in cash	(4,239,070)	2,215,863	2,617,398
Cash and cash equivalents at beginning of year	4,833,261	2,617,398	–
Cash and cash equivalents at end of year	594,191	4,833,261	2,617,398
Analysis of balance of cash at end of year			
Cash and bank balances	594,191	4,833,261	2,617,398

Notes to the financial information

1. CORPORATE INFORMATION

Bonity Property Group (Shanghai) Co., Ltd. ("the Company") was incorporated on 5 December 2002 as a wholly foreign-owned enterprise under the Law of the People's Republic of China.

During the Relevant Periods, the Company was principally engaged in the business of real estate property agency and consultancy service in Shanghai, the PRC.

The registered office of the Company is at No. 127 Shanxin Road, Shanyang County, Jinshan District, Shanghai, PRC.

The financial statements are presented in renminbi ("RMB"), which is also the functional currency of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the compilation of these financial statements are summarized below. These policies have been consistently applied to all the years presented, unless otherwise stated. They are also consistent with those of the Group.

(a) Basis of preparation

The financial statements have been prepared in accordance with HKFRS. They have been prepared under the historical cost convention.

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

The adoption of HKFRS

In 2005, the Company adopts the standards and interpretations of HKFRS below, which are relevant to its operations. The financial statements for the years ended 31 December 2003, 2004 and 2005 have been amended as required, in accordance with the relevant requirements.

HKAS 1	Presentation of Financial Statements
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 12	Income Taxes
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 19	Employee Benefits
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 24	Related Party Disclosures
HKAS 32	Financial Instruments: Disclosures and Presentation
HKAS 36	Impairment of Assets
HKAS 39	Financial Instruments: Recognition and Measurement

Adoption of HKFRS does not result in any change of accounting policy requiring adjustment to the accounts.

The adoption of HKFRS has had no material effect on how the results for the current or prior accounting years are prepared and presented. Accordingly, no prior year adjustment has been required.

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.

(b) Segment reporting

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

(c) Foreign currency translation

(a) 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 RMB, 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 recognized in the income statement.

(d) Property, plant and equipment

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

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

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

– Office equipment	5 years
– Leasehold improvement	3 years

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

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

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

(e) Impairment of assets

Assets that have an indefinite useful life are not subject to amortization, 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 recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(f) Government grants and subsidies

Grants and subsidies from the government are recognized at their fair value when there is reasonable assurance that the grant or subsidy will be received and all attaching conditions will be complied with. When the grant or subsidy relates to an expense item, it is recognized as income over the periods necessary to match the grant or subsidy, on a systematic basis, to the costs that it is intended to compensate. Where the grant or subsidy relates to an asset, the fair value is credited to a deferred income account and is released to the income statement over the expected useful life of the relevant asset by equal annual instalments.

(g) Financial instruments

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

Financial assets

(i) Financial assets, trade receivables, deposits, other receivables and prepayments

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

(ii) Cash and cash equivalents

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

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Accrued expenses, other payable and amount due to the fellow subsidiary and holding company are recognized and carried at fair value.

(h) Employee benefits

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

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

(i) Provision

Provisions are recognized when the Company 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 recognized 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 recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be minimal.

(j) Revenue recognition

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

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

(b) Revenue from data collection services, when the services are rendered; and

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

(k) Leases

Operating lease

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

(l) Income tax

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

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

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

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

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

(m) Contingent liabilities and contingent assets

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

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

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

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

3. FINANCIAL RISK MANAGEMENT

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

(i) Interest rate risk

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

(ii) Credit risk

The Company has no significant concentrations of credit risk. It also has policies in place to ensure that the services provided to customers with an appropriate credit history and the Company performs periodic credit evaluations of its customers. The Company's historical experience in collection of trade and other receivable was satisfactory.

(iii) Liquidity risk

The Company manages the risk of funding problem by maintaining sufficient cash to deal with operational needs.

(iv) Fair value estimation of financial assets and liabilities

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

4. IMPORTANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

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

5. REVENUE AND OTHER INCOMES

Revenue recognized during the Relevant Periods are as follows:

	Year ended 31 December		**Period from 5 December 2002 to 31 December**
	2005	**2004**	**2003**
	RMB	*RMB*	*RMB*
Revenue			
Property agency service fee	32,854,005	38,834,476	14,273,438
Other incomes			
Data collection service income	–	300,000	–
Interest income	11,318	15,543	4,105
Subsidy income	–	–	78,100
Sundry income	286,189	–	–
	297,507	315,543	82,205
	33,151,512	39,150,019	14,355,643

The Company is principally engaged in one business segment of property agency, and most of its operations and assets are located in Shanghai, PRC. Less than 10% of the Group's turnover and contribution to operation is attributable to other activities. Therefore, no business segment or geographical segment is presented.

6. (A) RESULTS OF THE BUSINESS DIVISIONS

(a) Year ended 31 December 2005

	Non-residential (Commercial) division	Residential (Sales Division 2) division *(Note 6(1))*	Remaining divisions *(Note 6(2))*	Total
	2005	**2005**	**2005**	**2005**
	RMB	*RMB*	*RMB*	*RMB*
Revenue from agency services	5,073,922	8,443,078	19,337,005	32,854,005
Cost of services	(1,839,240)	(3,042,037)	(6,011,394)	(10,892,671)
Gross profit	3,234,682	5,401,041	13,325,611	21,961,334
Other income	4,777	18,783	273,947	297,507
Selling and administrative expenses	(3,938,445)	(8,337,378)	(22,233,851)	(34,509,674)
Other expenses	(19,851)	(15,398)	(51,267)	(86,516)
Operating (loss)	(718,837)	(2,932,952)	(8,685,560)	(12,337,349)
Finance costs	–	–	–	–
(Loss) before tax	(718,837)	(2,932,952)	(8,685,560)	(12,337,349)
Income tax expense	–	–	–	–
(Loss) for the year	(718,837)	(2,932,952)	(8,685,560)	(12,337,349)

Note:

6(1) Sales Division 2 represents business of the central and southern districts of the main part of the Shanghai city.

6(2) The items classified under "Remaining Divisions" include those not relating to Sales Division 2 and Commercial Division and unallocated head office costs.

(b) Year ended 31 December 2004

	Non-residential (Commercial) division	Residential (Sales Division 2) division *(Note 6(1))*	Remaining divisions *(Note 6(2))*	Total
	2004	**2004**	**2004**	**2004**
	RMB	*RMB*	*RMB*	*RMB*
Revenue from agency services	2,125,155	12,480,672	24,228,649	38,834,476
Cost of services	(386,006)	(3,927,018)	(9,507,834)	(13,820,858)
Gross profit	1,739,149	8,553,654	14,720,815	25,013,618
Other income	–	–	315,543	315,543
Selling and administrative expenses	(673,744)	(6,053,454)	(17,293,317)	(24,020,515)
Other expenses	(86,546)	(141,890)	(183,267)	(411,703)
Operating (loss) profit	978,859	2,358,310	(2,440,226)	896,943
Finance costs	–	–	–	–
(Loss)/Profit before taxation	978,859	2,358,310	(2,440,226)	896,943
Income tax expense	–	–	(900,254)	(900,254)
(Loss) Profit for the year	978,859	2,358,310	(3,340,480)	(3,311)

Note:

6(1) Sales Division 2 represents business of the central and southern districts of the main part of the Shanghai city.

6(2) The items classified under "Remaining Divisions" include those not relating to Sales Division 2 and Commercial Division and unallocated head office costs.

(c) Year ended 31 December 2003

	Non-residential (Commercial) division	Residential (Sales Division 2) division *(Note 6(1))*	Remaining divisions *(Note 6(2))*	Total
	2003	**2003**	**2003**	**2003**
	RMB	*RMB*	*RMB*	*RMB*
Revenue from agency services	–	1,460,479	12,812,959	14,273,438
Cost of services	–	(558,520)	(4,786,115)	(5,344,635)
Gross profit	–	901,959	8,026,844	8,928,803
Other income	–	–	82,205	82,205
Selling and administrative expenses	–	(1,510,280)	(7,000,145)	(8,510,425)
Other expenses	–	–	(309,853)	(309,853)
Operating (loss) profit	–	(608,321)	799,051	190,730
Finance costs	–	–	–	–
(Loss) Profit before tax	–	(608,321)	799,051	190,730
Income tax expense	–	–	(133,184)	(133,184)
Profit (Loss) for the year	–	(608,321)	665,867	57,546

Note:

6(1) Sales Division 2 represents business of the central and southern districts of the main part of the Shanghai city.

6(2) The items classified under "Remaining Divisions" include those not relating to Sales Division 2 and Commercial Division and unallocated head office costs.

6. (B) ASSETS AND LIABILITIES OF THE BUSINESS DIVISIONS

(a) As at 31 December 2005

	Non-residential (Commercial) division	Residential (Sales Division 2) division *(Note 6(1))*	Remaining divisions *(Note 6(2))*	Total
	2005	**2005**	**2005**	**2005**
	RMB	*RMB*	*RMB*	*RMB*
NON-CURRENT ASSETS				
Property, plant and equipment	232,414	527,543	3,387,130	4,147,087
	232,414	527,543	3,387,130	4,147,087
CURRENT ASSETS				
Commission receivable	1,838,429	1,166,254	1,332,290	4,336,973
Prepayments	312	76,985	423,740	501,037
Deposits and other receivables	30,220	353,455	2,250,848	2,634,523
Cash and cash equivalents	–	–	594,191	594,191
TOTAL ASSETS	2,101,375	2,124,237	7,988,199	12,213,811
NON CURRENT LIABILITIES				
Deferred income tax liabilities	–	–	(956,729)	(956,729)
CURRENT LIABILITIES				
Commission payable	(838,037)	(531,630)	(607,317)	(1,976,984)
Other payables	–	–	(5,259,654)	(5,259,654)
Amount due to a director	–	–	(4,676,357)	(4,676,357)
Amounts due to related companies	–	–	(2,574,566)	(2,574,566)
Provision of taxation	–	–	(76,709)	(76,709)
TOTAL LIABILITIES	(838,037)	(531,630)	(14,151,332)	(15,520,999)
NET ASSETS (LIABILITIES)	1,263,338	1,592,607	(6,163,133)	(3,307,188)

Note:

6(1) Sales Division 2 represents business of the central and southern districts of the main part of the Shanghai city.

6(2) The assets and liabilities classified under the "Remaining Divisions" column include items not to be transferred to Conity and unallocated head office items.

(b) As at 31 December 2004

	Non-residential (Commercial) division	Residential (Sales Division 2) division *(Note 6(1))*	Remaining divisions *(Note 6(2))*	Total
	2004	**2004**	**2004**	**2004**
	RMB	*RMB*	*RMB*	*RMB*
NON-CURRENT ASSETS				
Property, plant and equipment	567,723	337,729	2,424,389	3,329,841
	567,723	337,729	2,424,389	3,329,841
CURRENT ASSETS				
Commission receivable	1,278,339	2,008,782	1,604,670	4,891,791
Prepayments, deposits and other receivables	50,440	188,454	7,400,439	7,639,333
Cash and cash equivalents	–	–	4,833,261	4,833,261
TOTAL ASSETS	1,896,502	2,534,965	16,262,759	20,694,226
NON CURRENT LIABILITIES				
Deferred income tax liabilities	–	–	(956,729)	(956,729)
CURRENT LIABILITIES				
Commission payable	(882,448)	(1,386,679)	(1,107,716)	(3,376,843)
Other payables	–	–	(8,826,444)	(8,826,444)
Amount due to a director	–	–	(2,093,000)	(2,093,000)
Amounts due to related companies	–	–	(344,102)	(344,102)
Provision of taxation	–	–	(76,709)	(76,709)
	(882,448)	(1,386,679)	(13,404,700)	(15,673,827)
NET ASSETS	1,014,054	1,148,286	2,858,059	5,020,399

Note:

6(1) Sales Division 2 represents business of the central and southern districts of the main part of the Shanghai city.

6(2) The assets and liabilities classified under the "Remaining Divisions" column include items not to be transferred to Conity and unallocated head office items.

(c) As at 31 December 2003

	Non-residential (Commercial) division 2003 RMB	(Sales Division 2) division *(Note 6(1))* 2003 RMB	Remaining divisions *(Note 6(2))* 2003 RMB	Total 2003 RMB
NON-CURRENT ASSETS				
Property, plant and equipment	–	95,953	1,647,467	1,743,420
	–	95,953	1,647,467	1,743,420
CURRENT ASSETS				
Commission receivable	–	729,709	2,925,637	3,655,346
Prepayments, deposits and other receivables	–	44,938	3,990,468	4,035,406
Cash and cash equivalents	–	–	2,617,398	2,617,398
TOTAL ASSETS	–	870,600	11,180,970	12,051,570
NON CURRENT LIABILITIES				
Deferred income tax liabilities	–	–	(133,184)	(133,184)
CURRENT LIABILITIES				
Commission payable	–	(371,910)	(1,814,488)	(2,186,398)
Other payables	–	–	(5,701,482)	(5,701,482)
	–	(371,910)	(7,649,154)	(8,021,064)
NET ASSETS	–	498,690	3,531,816	4,030,506

Note:

6(1) Sales Division 2 represents business of the central and southern districts of the main part of the Shanghai city.

6(2) The assets and liabilities classified under the "Remaining Divisions" column include items not to be transferred to Conity and unallocated head office items.

7. OPERATING (LOSS) PROFIT

The Company's operating (loss) profit is arrived at after charging (crediting):

	Year ended 31 December		
	2005	**2004**	**2003**
	RMB	*RMB*	*RMB*
PRC Auditors' remuneration	12,500	10,000	9,000
Depreciation	1,482,553	840,860	276,299
Operating lease rentals	6,346,602	7,029,681	1,425,377
Staff costs, excluding directors' remuneration:			
– Salaries and retirement benefits: payments to defined benefit plans, Mainland China	20,849,782	27,539,745	7,408,263
Exchange loss	6,836	1,714	5,663
Provision for doubtful debts	865,616	–	304,745
Interest income	(11,318)	(15,543)	(4,105)
Loss on disposal of equipments	170,071	73,741	4,986

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 is as follows:

	Year ended 31 December		
	2005	**2004**	**2003**
	RMB	*RMB*	*RMB*
Fees:			
Executive directors	–	–	–
Non-executive directors	–	–	–
	–	–	–
Other emoluments of executive directors:			
– Basic salaries, other allowances and benefits in kind	458,711	697,092	187,664
– Contribution to state pension plan	–	–	–
	458,711	697,092	187,664
	458,711	697,092	187,664

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

	Year ended 31 December		
	2005	**2004**	**2003**
Nil to RMB1,000,000	3	3	3
RMB1,000,001 to RMB2,000,000	–	–	–
RMB2,000,001 to RMB3,000,000	–	–	–
	3	3	3

(b) Five highest paid employees

The 5 highest paid employees included 1 director during the Relevant Periods, details of whose remuneration are set out above.

Details of the remuneration of the remaining 2 non-director, highest paid employees are as follows:

	Year ended 31 December		
	2005	**2004**	**2003**
	RMB	*RMB*	*RMB*
– Basic salaries, other allowances and benefits in kind	795,925	885,807	555,424
– Contribution to state pension plan	28,541	26,035	21,481
	824,466	911,842	576,905

The remuneration of each of the non-director, highest paid employees for the Relevant Periods fell within the Nil to HK$1,000,000 band.

There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Periods. During the years, no remuneration were paid by the Company to the directors or the non-director, highest paid employees as an inducement to join and as compensation for loss of office.

9. FINANCE COSTS

The Company has not incurred any bank or other finance costs during the 3 years.

10. INCOME TAX EXPENSE

	Year ended 31 December		
	2005	**2004**	**2003**
	RMB	*RMB*	*RMB*
Current tax:			
Enterprise income tax	–	76,709	–
Deferred taxation	–	823,545	133,184
Tax charge (credit)	–	900,254	133,184

The Company is subject to Enterprise Income Tax ("EIT") at 33% during the Relevant Periods. The Company incurred losses as reported in accordance with PRC generally accepted accounting principles ("PRC GAAP") and accordingly no provision for income tax has been made.

A reconciliation of the tax expense applicable to profit before tax using the statutory rate to the tax expense is as follows:

	Year ended 31 December		
	2005	**2004**	**2003**
	RMB	*RMB*	*RMB*
(Loss) Profit before tax	(12,337,349)	896,943	190,730
Tax at statutory rate of 33%	(4,071,325)	295,991	62,941
Expenses not deductible for tax purpose	–	604,263	70,243
Tax asset not deemed to be recoverable	4,071,325	–	–
Tax expense for the year	–	900,254	133,184

No provision for PRC's enterprises income tax is necessary as the Company earned for PRC income tax purpose an exempted profit of RMB161,834 for 2004 and incurred a loss of RMB1,973,341 and RMB12,443,996 for 2003 and 2005 respectively.

11. DIVIDENDS

No dividend was declared by the Company during the Relevant Periods.

12. PROPERTY, PLANT AND EQUIPMENT

	Office equipment *RMB*	Leasehold improvement *RMB*	Total *RMB*
Cost:			
At 5 December 2002	–	–	–
Additions	1,332,537	694,668	2,027,205
Disposals/write-off	(8,272)	–	(8,272)
At 31 December 2003	1,324,265	694,668	2,018,933
Additions	1,492,913	1,008,109	2,501,022
Disposals/write-off	–	(168,914)	(168,914)
At 31 December 2004	2,817,178	1,533,863	4,351,041
Additions	1,239,387	1,230,483	2,469,870
Disposals/write-off	(88,681)	(420,323)	(509,004)
At 31 December 2005	3,967,884	2,344,023	6,311,907
Accumulated depreciation:			
At 5 December 2002	–	–	–
Provided during the year	124,782	151,517	276,299
Disposals/write-off	(786)	–	(786)
At 31 December 2003	123,996	151,517	275,513
Provided during the year	401,848	439,012	840,860
Disposals/write-off	–	(95,173)	(95,173)
At 31 December 2004	525,844	495,356	1,021,200
Provided during the year	650,042	832,511	1,482,553
Disposals/write-off	(22,660)	(316,273)	(338,933)
At 31 December 2005	1,153,226	1,011,594	2,164,820
Net book value:			
At 31 December 2005	2,814,658	1,332,429	4,147,087
At 31 December 2004	2,291,334	1,038,507	3,329,841
At 31 December 2003	1,200,269	543,151	1,743,420

13. COMMISSION RECEIVABLE

	As at 31 December		
	2005 *RMB*	**2004** *RMB*	**2003** *RMB*
Commission receivable, gross	5,202,589	4,891,791	3,960,091
Less: Provision for doubtful debts	(865,616)	–	(304,745)
Commission receivable, net	4,336,973	4,891,791	3,655,346

The aged analysis of the commission receivable as at the balance sheet dates is as follows:

	2005	2004	2003
	RMB	*RMB*	*RMB*
0 to 30 days	1,818,520	447,918	2,274,850
31 days to 60 days	1,195,151	532,136	944,521
61 days to 90 days	781,516	1,899,905	191,410
Over 90 days	1,407,402	2,011,832	549,310
Commission receivable, gross	5,202,589	4,891,791	3,960,091

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

14. CASH AND CASH EQUIVALENTS

	As at 31 December		
	2005	2004	2003
	RMB	*RMB*	*RMB*
Cash and bank balances	594,191	4,833,261	2,617,398

15. COMMISSION PAYABLE

	As at 31 December		
	2005	2004	2003
	RMB	*RMB*	*RMB*
Commission payable	1,976,984	3,376,843	2,186,398
	1,976,984	3,376,843	2,186,398

The commission is payable to employees of the Company for business contracted at a range of 2.4%-35% of the commission income.

The balances are payable within 60 days of the Balance Sheet dates.

16. AMOUNTS DUE FROM (TO) RELATED COMPANIES

	As at 31 December		
	2005	2004	2003
	RMB	*RMB*	*RMB*
Amount due to the holding company	(1,468,102)	(344,102)	–
Amount due to a fellow subsidiary	(1,106,464)	–	–
	(2,574,566)	(344,102)	–

The amounts due are unsecured, interest free and have no fixed term of repayment.

17. COMMITMENTS

Operating lease commitments

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

	As at 31 December		
	2005	2004	2003
	RMB	*RMB*	*RMB*
Within one year	7,030,063	4,297,811	1,788,224
In the second to fifth years, inclusive	9,764,340	4,944,497	3,689,375
	16,794,403	9,242,308	5,477,599

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

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

18. PENSION CONTRIBUTION

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

19. CAPITAL

	As at 31 December		
	2005	2004	2003
	RMB	*RMB*	*RMB*
Paid-up capital	8,975,926	4,966,164	3,972,960
	8,975,926	4,966,164	3,972,960

The increases in 2003 and 2004 were receipts of capital contribution. On 29 September 2005, the Company's registered capital was increased from US$600,000 to US$1,088,888. The additional capital injection of US$488,888 paid by Bonity Property Limited was verified and confirmed on 11 October 2005 by a firm of PRC Certified Public Accountants.

20. DEFERRED INCOME TAX LIABILITIES

As at the balance sheet date, the deferred income tax liabilities represented the tax effect of temporary differences on the following items:

	Termination of branches *(Note)*	Tax losses	Provision for doubtful debts	Others (Deferred commission income and expense)	Total
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
At 31 December 2002	–	–	–	–	–
Deferred tax (credited) charged to income statement	–	580,959	100,566	(814,709)	(133,184)
At 31 December 2003	–	580,959	100,566	(814,709)	(133,184)
Deferred tax (credited) charged to income statement	24,335	(580,959)	(100,566)	(166,355)	(823,545)
At 31 December 2004	24,335	–	–	(981,064)	(956,729)
Deferred tax (credited) charged to income statement	25,226	431,841	285,653	(742,720)	–
At 31 December 2005	49,561	431,841	285,653	(1,723,784)	(956,729)

Note: The amounts represents deferred tax assets on write-off of leasehold improvement arising from early termination of branches' operating leases.

21. RELATED PARTY TRANSACTIONS

The immediate parent company is Bonity Property Limited, a company incorporated in the British Virgin Islands.

No significant transactions had been carried out between the related parties during the Relevant Periods in relation to sale, provision for service or key management service except that Ms Sandy Huang, director and general manager of the Company, has paid on behalf of the Company rental expenses of RMB1,790,000 in respect of staff quarters of the Company for the year ended 31 December 2004.

Total amounts due by the Company to Ms Sandy Huang resulting from the above together with other items as at the respective year ended were:

	As at 31 December		
	2005	**2004**	**2003**
	RMB	*RMB*	*RMB*
Amounts due to Ms Sandy Huang	4,676,357	2,093,000	–

Ms. Huang has no shareholding in the Company. The amounts outstanding are interest free, unsecured and have no fixed term of repayment.

22. SIGNIFICANT SUBSEQUENT EVENT

On 1 January 2006, the Company transferred assets and liabilities relating to two of its divisions to Conity at the net amount shown in note 6(B)(a).

Yours faithfully
Lawrence CPA Ltd
Hong Kong

A. Comfort letter on unaudited pro forma financial information of the Enlarged Group

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

Lawrence CPA Limited 富勤
富勤會計師有限公司

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

香港中環
德輔道中161-167號
香港貿易中心3樓

30 May 2006

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

Dear Sirs,

Report on the unaudited pro forma financial information for the proposed acquisition of Grand Panorama Limited

We report on the unaudited pro forma financial information of Technology Venture Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out in the Company's circular (the "Circular") in connection with the acquisition ("Acquisition") of the entire share capital of Grand Panorama Limited ("the Target") 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 2005 and for the 12 months then ended.

According to the Agreement for Sale and Purchase of Shares in Grand Panorama Limited, the total consideration for the Acquisition is HK$30,000,000. Out of this total sum, the amount of HK$12,000,000 shall be satisfied by the Purchaser procuring the Company to allot and issue 117,647,059 new shares to the vendors.

At the sole discretion of the Group as Purchaser, the balance of HK$18,000,000 shall either be satisfied in cash or new shares to be alloted and issued by the Company to the vendors provided that such new shares when aggregated with the 117,647,059 new shares mentioned in the above paragraph shall not exceed 25% of the total issued capital of the Company as enlarged by the allotment and issue pursuant to the terms of the Sale and Purchase Agreement.

Directors of the Company have indicated that they prefer to satisfy this balance in cash. Accordingly, the attached pro forma statements assume that the Group do satisfy this balance of HK$18,000,000 in cash. Had the option of satisfying the purchase by the issue of new shares of the Company be chosen, share capital and/or share premium of the Company would be increased in amount accordingly.

Resulting from the above, the pro forma financial statements of the enlarged group is compiled on the basis that the Company will not issue the Elected Consolidation Shares.

Responsibilities

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

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

Basis of opinion

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

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

The unaudited pro forma financial information has been prepared on the basis set out on the following pages for illustrative purpose only and, because of its nature, it may not be indicative of the financial position and results of the Group as at 31 December 2005 or for the 12 months then ended, or at any future dates or for any future periods.

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

A. Unaudited Pro Forma Consolidated Balance Sheet of the Enlarged Group

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

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

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

The information of the Target is derived from the most recent accountants' report of Grand Panorama Limited for the full year of 2005 (Appendix IIA of this Circular).

	The Group	The Target	Adjustments	Note	Pro forma
	HK$'000	HK$'000	HK$'000	Note	HK$'000
	(Note 1)	(Note 2, 3)			
Non-Current Assets					
Fixed assets	1,916	731			2,647
Deferred development costs	12,772	–			12,772
Goodwill	–	–	32,248	4,8	32,248
Available-for-sale investments	91,700	–			91,700
	106,388	731			139,367
Current assets					
Inventories	3,444	–			3,444
Trade receivable	24,718	–			24,718
Commission receivable	–	2,888			2,888
Prepayments, deposits and other receivables	16,006	443			16,449
Pledged time deposits	139	–			139
Cash and bank balances	52,173	2	(18,600)	5	33,575
	96,480	3,333			81,213
Current liabilities					
Trade and bills payable	2,002	–			2,002
Tax payable	8,993	–			8,993
Commission payable	–	1,317			1,317
Accrued expenses and other payables	35,525	8			35,533
Amounts due to a related company	–	4,387			4,387
Secured bank loans	626	–			626
Current portion of obligation under finance lease	203	–			203
	47,349	5,712			53,061
Net current assets / (liabilities)	49,131	(2,379)			28,152
Total assets less current liabilities	155,519	(1,648)			167,519
Non-current liabilities					
Obligation under finance lease	51	–			51
Deferred tax	159	–			159
	210	–			210
	155,309	(1,648)			167,309
Equity attributable to equity holders of the parent:					
Share capital	55,735	81	11,765	6	
			(81)	7	67,500
Share premium	–	1,011	(1,011)	7	
			235	6	235
Accumulated loss	–	(3,545)	3,545	7	–
Other reserves	99,574	805	(805)	7	99,574
	155,309	(1,648)			167,309

Notes to the unaudited pro forma Consolidated Balance Sheet

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

2. The financial figures are the combined financial statements of Grand Panorama Limited, Conity Investment & Consultants (Shanghai) Co., Ltd. ("Conity') and assets of Bonity Property Group (Shanghai) Co., Ltd. ("Bonity") taken over by the Group as if they are members or components of a group in the year of 2005.

3. The financial information are translated from renminbi ("RMB") at the exchange rate of HK$1.00 to RMB1.04.

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

   The amount is arrived at as follows:

	HK'000
Consideration for the purchase of Grand Panorama	30,000
Transaction costs	600
	30,600
Add: Fair value of net liabilities of Grand Panorama	
– Capital	(81)
– Share Premium	(1,011)
– Accumulated loss	3,545
– Other reserves	(805)
Amount of goodwill	32,248

5. The amount represents the cash of HK$18 million used as part of the consideration for the Acquisition and the estimated transaction costs of approximately HK$600,000.

6. The amount represents new shares of the Company to be issued and alloted as part of the consideration for the Acquisition.

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

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

7. The amount represents elimination of the capital and pre-acquisition reserves of the Target company in the compilation of the combined group financial statements.

8. No impairment loss is provided by the Directors because of positive future cash projection and the profit guarantee made by the vendors of HK$4,000,000 and HK$6,000,000 for the financial years ended 31 December 2006 and 31 December 2007 respectively.

B. Unaudited Pro Forma Consolidated Income Statement of the Group

The unaudited pro forma consolidated income statement of the Group as presented below has been prepared based on the latest annual published audited consolidated income statement of the Group for the 12 months ended 31 December 2005 and adjusted to illustrate the effect of the Acquisition as if it had taken place on 1 January 2005.

The unaudited pro forma consolidated income statement has been prepared for illustrative purposes only and, because of its nature, may not give a true picture of the results of the Group for the 12 months ended 31 December 2005 or any future periods.

	The Group	The Target	Adjustments		Pro forma
	HK$'000	*HK$'000*	*HK$'000*	*Note*	*HK$'000*
	(Note 1)	*(Note 2, 3)*	*(Note 4)*		
Continuing operations				*6*	
Revenue	128,884	12,873			141,757
Direct costs	(119,990)	(4,649)			(124,639)
Gross profit	8,894	8,224			17,118
Other income	8,902	23			8,925
Selling and administrative expenses	(27,987)	(11,723)			(39,710)
Other expenses	(1,046)	(66)			(1,112)
Impairment losses of goodwill	(602)	–			(602)
Loss from operations	(11,839)	(3,542)			(15,381)
Finance costs	(567)	(3)			(570)
Loss before taxation	(12,406)	(3,545)			(15,951)
Income tax income	2,413	–			2,413
Loss for the year from the continuing operations	(9,993)	(3,545)			(13,538)
Discontinued operation				*6*	
Loss for the year from discontinued operation	(27,850)	–			(27,850)
Loss for the year	(37,843)	(3,545)			(41,388)
Attributable to:					
Equity holders of the parents	(35,672)	(3,545)			(39,217)
Minority interests	(2,171)	–			(2,171)
	(37,843)	(3,545)			(41,388)
Loss per share from continuing operations attributable to the ordinary equity holders of the parent					
Basic (HK$)	0.02	N/A		*5*	0.02
Diluted (HK$)	N/A	N/A		*5*	N/A

Notes to the unaudited pro forma Consolidated Income Statement

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

2. The financial figures are those of 2005. They are the combined financial information of Grand Panorama, Conity and the two divisions of Bonity acquired by the Group as if they are members or components of a group in the year of 2005.

3. The financial information are translated from RMB at the exchange rate of HK$1.00 to RMB1.05.

4. Consolidation adjustments in the Income Statement in the form of elimination are not required as there is no transaction made between the TVH Group and the Target.

5. Basic loss per share is calculated by dividing the pro forma loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year as if the Company has issued the 117,647,059 new shares mentioned in paragraph 2 of this Report on 1 January 2005.

	2005	**2004**
	HK$'000	*HK$'000*
Pro forma loss attributable to equity holders		
– Continuing operations	11,367	26,853
– Discontinued operation	27,850	–
	39,217	26,853
Weighted average number of ordinary shares in issue (thousands)		
– Continuing operations	633,695	502,435
Basic loss per share (HK$ per share)		
– Continuing operations	0.02	0.05
– Discontinued operation	0.04	–

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.

6. Continuing operations consist of the banking and finance systems integrative services segment and the management and support segment principally carried out by 冠亞科技（上海）有限公司 (Topasia Tech (Shanghai) Limited*) and 上海阿加斯網絡科技有限公司 (Acacia Asia Partners Limited*).

   Discontinued operation refers to the software business disposed of during 2005 as detailed in Note 33 of the Group's financial statements contained in Appendix I of this Circular.

* *for identification purposes only*

C. Unaudited Pro Forma Consolidated Cash flow Statement of the Group

The unaudited pro forma consolidated cash flow statement of the Group as presented below has been prepared based on the latest annual published audited consolidated cash flow statement of the Group for the 12 months ended 31 December 2005 and adjusted to show the effect of the Acquisition on cash flows had the Acquisition taken place on 1 January 2005.

The unaudited pro forma consolidated cash flow statement has been prepared for illustrative purposes only and, because of its nature, may not give a true picture of the cash flows of the Group for the 12 months ended 31 December 2005 or any future periods.

	The Group	**The Target**	**Adjustments**		**Pro forma**
	HK$'000	*HK$'000*	*HK$'000*	*Note*	*HK$'000*
	(Note 1)	*(Note 2, 3)*			
Cash flows from operating activities					
Loss before tax :					
Continuing operations	(12,406)	(3,545)			(15,951)
Discontinued operation	(4,897)	–			(4,897)
	(17,303)	(3,545)			(20,848)
Adjustments for:					
Interest income	(594)	–			(594)
Depreciation	2,255	378			2,633
Impairment of goodwill	602	–			602
Amortisation of deferred development costs	811	–			811
Write-off of fixed assets	56	76			132
Loss on disposal of fixed assets	4	6			10
Excess of net assets over cost of a business combination	(2,233)	–			(2,233)
Waiver by the buyer of a subsidiary of an amount due by the Group	18,615	–			18,615
Provision for doubtful debts	843	–			843
Other income	(5)	–			(5)
Finance costs	840	–			840
Operating profit (loss) before working capital changes	3,891	(3,085)			806
Decrease in inventories	13,036	–			13,036
Decrease in accounts and bills receivable	3,368	–			3,368
Decrease in commission receivable	–	271			271
Increase in prepayment, deposits and other receivables	(7,831)	(213)			(8,044)
Decrease in amount due to a related party	–	(1,063)			(1,063)
Decrease in accounts and bills payables	(11,781)	–			(11,781)
Decrease in commission payable	–	(864)			(864)
Increase (Decrease) in accrued expenses and other payables	(25,053)	8			(25,045)
Cash from other divisions of Bonity	–	5,270			5,270

	The Group	The Target	Adjustments		Pro forma
	HK$'000	*HK$'000*	*HK$'000*	*Note*	*HK$'000*
	(Note 1)	*(Note 2, 3)*			
Cash generated from (used in) operations	(24,370)	324			(24,046)
Overseas profits taxes paid	(1,078)	–			(1,078)
Net cash inflow (outflow) from operating activities	(25,448)	324			(25,124)
Net cash inflow (outflow) from operating activities					
Continuing operations	(11,298)	324			(10,974)
Discontinued operation	(14,150)	–			(14,150)
	(25,448)	324			(25,124)
Cash flow from investing activities					
Purchases of fixed assets	(1,001)	(320)			(1,321)
Investment in a subsidiary	–	–	(18,600)	4	(18,600)
Repayment from investee companies	23,045	–			23,045
Decrease in pledged time deposits	5,002	–			5,002
Decrease in non-pledged time deposits with original maturity of more than 3 months when acquired	33,962	–			33,962
Interest received	594	–			594
Acquisition of subsidiary, net of cash acquired	(5,909)	–			(5,909)
Sale proceeds of disposal of a subsidiary	3,323	–			3,323
Effect of foreign exchange rate change, net	(415)	(2)			(417)
Net cash inflow (outflow) from investing activities	58,601	(322)			39,679
Net cash inflow (outflow) from investing activities					
Continuing operations	59,350	(322)			40,428
Discontinued operation	(749)	–			(749)
	58,601	(322)			39,679

	The Group	The Target	Adjustments	Note	Pro forma
	HK$'000	*HK$'000*	*HK$'000*	*Note*	*HK$'000*
	(Note 1)	*(Note 2, 3)*			
Cash flows from financing activities					
New bank loans	47,115	–			47,115
New other loans	6,500	–			6,500
Repayment of bank loans	(69,865)	–			(69,865)
Repayment of other loans	(8,060)	–			(8,060)
Decrease in loan under trust receipt	(1,170)	–			(1,170)
Interest paid	(805)	–			(805)
Capital element of finance lease rental payments	(275)	–			(275)
Interest element on finance lease rental payments	(35)	–			(35)
Net cash outflow from financing activities	(26,595)	–			(26,595)
Net cash outflow from financing activities					
Continuing operations	(26,955)	–			(26,955)
Discontinued operation	360	–			360
	(26,595)	–			(26,595)
Net increase (decrease) in cash and cash equivalents	6,558	2			(12,040)
Cash and cash equivalents at beginning of year	44,989	–			44,989
Cash and cash equivalents at end of year	51,547	2			32,949
Analysis of balances of cash and cash equivalents					
Cash and bank balances	52,173	2	(18,600)		33,575
Less: bank overdraft	(626)	–			(626)
	51,547	2			32,949

Notes to the unaudited pro forma Consolidated Cash Flow Statement

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

2. The financial figures are those of 2005. They are the combined financial information of Grand Panorama, Shanghai Conity and the two divisions of Bonity acquired by the Group as if they are members or components of a group in the year of 2005.

3. The financial information are translated from RMB at the exchange rate of HK$1.00 to RMB1.04.

4. The amount of HK$18,600,000 represents cash to be paid as part of the consideration for the Acquisition including transaction costs of approximately HK$600,000.

5. The adjustment does not have a continuing effect on the Group.

D. Management discussion and analysis of the financial information condition and result of operation of the Enlarged Group

For the year ended 31 December 2003

Financial performance

The Group's financial performance in 2003, excluding all contributions from disposed subsidiary, DMX Technologies, was encouraging.

Turnover for the Group grew by 39% from HK$188,784,000 in 2002 (excluding DMX) to HK$261,692,000 in 2003. Despite difficult economic environment experienced in the earlier part of the year, the focus and directions undertaken have started to yield results. This was reflected in the improved sales performance from all business segments.

Gross profit margin fell from 20% in 2002 (excluding DMX Technologies) to 14% in 2003. The decrease in gross profit margin was due to fierce competition especially in the maintenance services market. Gross profit decreased slightly from HK$37,267,000 in 2002 (excluding DMX Technologies) to HK$36,284,000 in 2003 as a result of higher turnover achieved during the year.

Loss attributable to shareholders reduced significantly from HK$147,869,000 to HK$15,382,000. Excluding the extraordinary loss for DMX Technologies and provision of HK$122,325,000 in 2002, and the provision of HK$8,129,000 made in 2003, the Group's loss also narrowed by 72% from HK$25,544,000 in 2002 to HK$7,190,000 in 2003.

The Directors do not recommend the payment of any dividend in respect of the year ended 31 December 2003 (2002: Nil).

Core business

IT solutions and system integration

The integration of the Group's core competencies in hardware and software solutions has borne well for both TopAsia and Sequent China. The combined operation continued to target at the banking and finance sector of China.

2003 was a year of progressive development and positive results for TopAsia. Despite a so ft start of the year with the outbreak of the SARS, TopAsia succeeded to achieve all the designated targets in product sales, cost control, productivity enhancement and business integration.

Self-service banking products and services, including ATM, continued to be a significant growth driver. By aligning sales strategy closer with market demands, TopAsia regained its top-three NCR distributor status. In addition, TopAsia was qualified by the Bank of Shanghai as a designated supplier and also awarded a contract by the Postal Bureau of the Tibet Autonomous Region in the PRC.

Maintenance services continued to be fiercely competitive with unit fee on downward spiral. Nevertheless, TopAsia's comprehensive point-of-service network, prompt response and quality services have helped it widen its service scope for Bank of Communications, adding to its maintenance service portfolio new branches in Taiyuan, Xian, Nanjing, Nantong, Changzhou, Changsha, Hefei and Ningbo, etc. This made TopAsia the fastest growing systems service provider of Bank of Communications.

In respect of China Merchants Bank ("CMB"), TopAsia retained its leading service provider status for self-service banking products, primarily ATMs, cash deposit machines and automatic enquiry machines. The biggest thrill came from the opening of maintenance service for self-service banking products by Bank of China ("BOC") to non-manufacturers. TopAsia seized the opportunity and engineered a spectacular win for the service tenders for branches in Chongqing, Zhejiang and Henan in the PRC.

Storage and networking business picked up tremendous growth momentum in 2003. Through cooperating with EMC, the world's largest storage equipment supplier, TopAsia strengthened its market presence in Eastern China with two equipment tender wins from the Shanghai Securities Central Clearing and Registration Corporation, and also contracts with China Unicom, Zhejiang Branch, Anhui Mobile Communication and the Postal Bureau of Shanghai, etc.

The successful alliance with NCR to develop data storage business has encouraged TopAsia to partner with Ascential Software Corp. ("Ascential"), a world-renowned manufacturer of software management products, to market its core Datastage software. The result was remarkable with contracts already signed for the head office of the Shanghai Pudong Development Bank, Shanghai General Motors Company Limited and Nanyang Brothers Tobacco (Hong Kong) in which TopAsia also served as the project manager.

In respect of networking products, sales growth remained steady and encouraging. Apart from fostering closer business relationships with existing clients such as Shanghai Foreign Exchange Centre and the People's Insurance Company of China Shanghai Branch Office, TopAsia also started to supply to a renowned mainland IT stalwart UTStarcom peripheral products such as CPU, hard disks, networking monitors, etc. Contracts valued at more than RMB5 million were already sealed.

TopAsia's integration with Sequent

For mainframe systems, TopAsia retained all the service contracts for former Sequent China clients, primarily BOC, CCB, City Commercial Bank, Postal Savings and Remittance Bureau and Commercial Department. New service contracts for STK and HDS products were also successfully concluded with Hangzhou City Commercial Bank and the Jiangxi Branch of the CCB.

On the system integration front, TopAsia helped implement an information system development project for Hangzhou City Commercial Bank and made a breakthrough with the government sector. The division participated in the implementation of the border control monitoring system for the Public Security Department and successfully completed the first pilot at the Beijing Capital International Airport.

In line with the Group's focus on developing online education services, TopAsia has formed a taskforce to empower the software capabilities of teacher.com.cn, China's official continuous education portal for primary and secondary school teachers. This software solution which specialises in education, website enhancement and training systems will serve as the core foundation for TopAsia to undertake solutions of much larger scale.

TopAsia will continue its two-pronged focus on self-service products and services, and data business in 2004. In respect of the former, TopAsia will retain its multi-brand strategy and refine its client development focus to coastal regions, especially eastern and central China, for greater cost efficiency. Sales and service capacity will be expanded by adding four more points of service to the existing network of 26.

Data business has proved to be an area of tremendous potential. TopAsia will continue to work with EMC to expand sales of networking and storage hardware products by promoting large capacity storage and back-up systems to enterprises in the telecommunications, financial and manufacturing sectors. The division will also tighten cooperation with Ascential to market Datastage products in Shanghai and peripheral areas with the clinching of eight to ten new contracts as the 2004 target.

On mainframe systems and system integration, TopAsia will improve upon the existing platform for more efficient business development and expansion.

Internally, TopAsia further streamlined manpower, enhanced technology capacity and effectively controlled overheads within budget. Cash flow situation was also improved with more efficient funds management, close follow-up on account receivables and successful opening of credit channels. TopAsia also met the review criteria and retained its ISO9000 management quality accreditation.

Software

The Group's software vehicle, 55%-owned ADT, has strategized its product and services offerings into three major lines: software development and productisation, network systems and mainframe systems.

Named one of China's top 100 software companies for 2003, ADT's well recognised expertise further facilitated its business development activities. It has become one of the five service providers for network development and safety of ICBC. On the other hand, CCB has also authorised ADT a supplier B qualification for SI services and ADT is now one of CCB's six service providers for integrated data networks, representing a breakthrough development for the division.

The year also saw the successful product development of Starring 3.0 platform for enterprise application, further strengthening the division's technological competitiveness in the financial sector. The introduction of commercial bank teller monitoring system has also made ADT a pioneer in the field.

ADT expects the authorised service provider status with ICBC and CCB to generate a steady stream of new business for the division. Software development and introduction will be stepped up and aligned with the demands of mainland banks.

In April 2004, ADT won the CCB tender for the implementation of a data archive management system in all of its 39 branches throughout China over the next two years. The successful win reflects CCB's recognition of ADT's capabilities to provide advanced professional solutions to digitalise financial data.

Online education through ChinaCast

In 2003, ChinaCast continued to be the Group's strategic platform to develop the education and training service business in China, with the technological support of the subsidiaries of the Company. University distance learning programs became a significant revenue growth contributor during the period, primarily because more partner universities had started to recruit distance-learning students and there was also an increase in the number of student enrolment by existing partner universities. Altogether, 11 of ChinaCast's partner universities had enrolled distance-learning students in 2003.

As China's leading distance learning services provider with a nationwide satellite delivery network, ChinaCast has been responsive to applying its resources to good deeds. It launched on 30 April 2003 the K-12 Video Classroom, a free Internet distance learning service for primary and high school students, to address the educational needs during the period of SARS quarantine.

Since then, collaboration arrangements were also entered into with the China Children Foundation for the An Kang project, pursuant to which, ChinaCast will disseminate educational materials to children all over the country through distance-learning channels.

2003 also saw launches of new online programs on ChinaCast's interactive education platform, the Great West Distance Learning Program to provide vocational training content to eight remote provinces, and the enrichment of distance learning content.

ChinaCast will be actively developing the enterprise communication market in 2004 in addition to the public sector and government authorities. In 2003, ChinaCast has already committed to the purchase of a new 2-way platform to target at the enterprise market. There were discussions with several potential customers in 2003 for the commencement of enterprise communication services in 2004.

Outlook

According to market analyst CCW Research, IT spending in China will post an annual composite growth rate of 18.5% from 2005 to 2009. For 2004, IT sales in China, services are expected to record the largest growth of 27%. The IT industry landscape in China is shifting progressively towards service offerings, an area that is anticipated by industry practitioners to record fastest growth. The re-positioning of the Group over the past years has been perfectly timed and placed to capitalise on this trend.

TopAsia will continue to further develop self-service products and services, and data business in 2004. TopAsia believes that the worse is over for the industry as a whole, and the division is heading towards healthy business development and steady growth. Higher contribution and returns are expected for the Group.

ADT's latest win of the CCB tender for the implementation of a data archive management system in all of its 39 branches throughout China will be a stable income for the division for the next two years. It is expected that this esteemed recognition of ADT's industry expertise will facilitate business expansion in software, network and mainframe systems.

Already a silver partner to CISCO, ADT is working towards a gold partnership in 2004.

Meanwhile, the Group's management remains confident in the overall online education and enterprise communication markets in China and will continue to explore possible ventures or collaboration with ChinaCast in this area. ChinaCast's planned listing in Singapore represents an encouraging validation of the Group's ongoing policy to build individual business segments into fully-fledged independent entities, to the benefits of the Group and shareholders.

Liquidity and financial resources

Net assets

As at 31 December 2003, the Group recorded total assets of approximately HK$371,276,000 which were financed by liabilities of approximately HK$206,572,000 and equity of approximately HK$157,173,000. The Group's net asset value as at 31 December 2003 decreased by 9% to approximately HK$157,173,000 as compared to approximately HK$172,542,000 as at 31 December 2002.

Liquidity

The Group had total cash and bank balances of approximately HK$108,303,000 as at 31 December 2003 (2002: approximately HK$90,655,000). After deducting bank loans and overdrafts of approximately HK$39,339,000 (2002: approximately HK$12,993,000), the Group recorded a net cash balance of approximately HK$68,964,000 as compared to that of approximately HK$77,662,000 as at 31 December 2002. As at 31 December 2003, the current ratio was 1.37 (2002: 1.84) and the gearing ratio was 0.26 (2002: 0.08) which was defined as the Group's interest-bearing and secured bank loans and finance lease payables over its total equity.

Charges on assets

At 31 December 2003, fixed deposits of approximately HK$16,000,000 (2002: HK$30,425,000) were pledged to banks to secure banking facilities granted.

Contingent liabilities

At 31 December 2003, the Company had contingent liabilities in relation to guarantees given to banks in connection with facilities granted to certain subsidiaries amounting to approximately HK$20,000,000.

As at 31 December 2003, the banking facilities granted to the subsidiaries were utilised to the extent of approximately HK$4,528,000.

The Group has contingent liability in respect of possible future long service payments to employees under the Employment Ordinance as some of current employees have achieved the required number of years of service to the Group in order to be eligible for long service payments under the Employment Ordinance if their employment is terminated under certain circumstances. A provision has not been recognised in respect of such possible payments, as it is not considered probable that the situation will result in a material future outflow of resources from the Group.

Foreign exchange exposure

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

Employee and remuneration policies

As at 31 December 2003, the Group employed approximately 320 full time staff in China and Hong Kong. The Group remunerates its employees based on their performance, work 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.

For the year ended 31 December 2004

Financial performance

The Group reported a turnover of HK$237,841,000 in 2004 compared with HK$261,692,000 a year ago. Gross profit dropped to HK$27,165,000 from HK$36,284,000 in 2003. The declines were primarily attributable to fierce competition, ADT's scaling down in the business with ICBC due to the contraction of their IT spending, and also the market's slow response to TopAsia's launch of the new Data Warehouse application in 2004.

Profit margin was down by 3 percentage points to 11% from 14% in 2003. Loss attributable to shareholders was HK26,853,000, up from HK$15,382,000 last year.

The Directors do not recommend the payment of any dividend in respect of the year ended 31 December 2004 (2003: nil).

Review of core businesses

IT solutions and systems integration: TopAsia

TopAsia continued to target at the growing banking and finance sector of China, with the provision of repair and maintenance services to self-service banking facilities as the core operation. 2004 was a year of solid business development for TopAsia.

TopAsia achieved encouraging business growth with BOC and China Postal Bureau when it successfully secured after-sales repair and maintenance servicing tenders for almost 400 ATMs for BOC branches in Henan, Shaanxi, Chongqing and Zhejiang in the PRC.

At the annual tender of CMB, TopAsia secured the service provider position for three of six service requests for ATMs, automatic deposit machines and automatic enquiry machines, and also two product dealerships for Diebold ATMs and revolving cash deposit and withdrawal machines, therefore making it the largest service provider and product dealer for CMB.

The development of a standard ATMP software for its ATM system was a key focus for China Postal Bureau in 2004. TopAsia's superb expertise in the technology allowed it to win the tenders in 11 provinces, including Anhui, Hubei, Hunan, Shaanxi and Zhejiang in the PRC.

TopAsia continued to lead in the marketing and sales of ATMs in China. Orders in the amount of RMB40 million were obtained from Postal Bureaus of Hubei and Zhejiang, BOC Jiangsu Branch, CMB Shenzhen Branch, Bank of Shanghai and Nanjing City Commercial Bank.

TopAsia's cooperation with renowned mainland IT stalwart UTStarcom, the inventor of "Little Smart" (or Xiaolingtong) mobile services, has been very successful. Orders in the amount of RMB26 million were secured for the provision of peripherals to Little Smart facilities and multi-media workstations.

Software: ADT

The Group's software vehicle, 55%-owned ADT, has won further recognition as a leading IT enterprise for its software prowess. It was named a China top 100 software company for 2004 and a top 100 solution provider among top 500 mainland computer corporations in Computer Partner World's CPW 500 poll, and a creditworthy enterprise in 2004 by Beijing Zhongguancun Sci-Tech Guaranty Co., Ltd. and Zhongguancun Business Advancement Institute.

Importantly, the division's president Ms Fan Liming was named one of the Top 10 Prominent Personalities in Financial Technology as a recognition for her outstanding contribution.

ADT also passed the Gold Enterprise Accreditation for CISCO, further strengthening its competitiveness in network construction. In the data centralisation process for CCB, ADT has succeeded in broadening its market share in data transfer, front office system, information interface, and other niche business segments. Its cooperation with CCB has been expanded to 24 branches, further extending its influence in integrated data network and services.

Significant progress was also made in respect of the outsourcing business for Japanese market, with a revenue growth of 50% in 2004.

Online education through ChinaCast

In 2004, ChinaCast continued to be the Group's strategic investment to develop the education and training service business in China, with the technological support of the subsidiaries of the Company. The K-12 distance learning and educational content solutions segment continues to be ChinaCast's principal revenue contributor.

The university distance learning solutions segment shows a satisfactory and promising performance. In addition to the existing eight universities which are already generating revenues, two more universities have been signed up with student enrolment in progress.

The enterprise networking products and services segment, which commenced marketing operations at the end of first quarter of 2004, also progressed well. The first major enterprise customer, Taikang Life Insurance Co., Ltd. ("Taikang") is in beta testing and full commercial service is expected very soon.

Outlook

Looking ahead at 2005, TopAsia will continue to control cost, develop business, enhance profitability and improve operating performance. The segment will focus its efforts primarily on further broadening the client base for self-service products and services, enlarging the scope of services and also expanding the geographical reach. The segment will also build on its relationship with major banks, including ICBC, Agricultural Bank of China, BOC, CCB and Bank of Communications to attain its 10% growth target in new customers.

TopAsia will also accelerate the development of its data integration, business. It will continue to work with Ascential and strengthen cooperation with ETL in product research and sales, including the development of complementary software solutions to enhance market competitiveness. It will continue to team up with EMC to push sales of large capacity storage and contingency back-up systems to enterprises in the financial, securities and government sectors.

Through further leveraging on the cooperation with UTStarcom, TopAsia aims to better capitalise on business development opportunities for multi-media and telecommunication sectors, and to supply a large range of peripherals and products. A sales target of RMB50 million has been set by TopAsia for this year.

ADT's impressive credentials will help drive its business development efforts. The very strong ties with CCB will help generate more business in integrated data network and services.

ChinaCast will step up its efforts in the insurance and banking sector as its project with Taikang serves as a good springboard for further inroads. Additional strategic sales opportunities in these sectors as well as in other key sectors have been identified and it is expected that an additional 2-3 major customers will be secured within the first half of 2005. ChinaCast is currently ramping up its sales, marketing and customer support staff to meet the demands of the market.

Expansion of ChinaCast's satellite network operations center in Beijing is in progress to pave way for the delivery of the latest DirecWay satellite hub upgrade to enable two-way broadband satellite services that are essential for growing the enterprise market in 2005.

Liquidity and financial resources

Net assets

As at 31 December 2004, the Group recorded total assets of approximately HK$325,450,000 which were financed by liabilities of approximately HK$190,306,000 and equity of approximately HK$130,690,000. The Group's net asset value as at 31 December 2004 decreased by 17% to approximately HK$130,690,000 as compared to approximately HK$157,173,000 as at 31 December 2003.

Liquidity

The Group had total cash and bank balances of approximately HK$84,998,000 as at 31 December 2004 (2003: approximately HK$108,303,000). After deducting bank loans and overdrafts of approximately HK$45,617,000 (2003: approximately HK$39,339,000), the Group recorded a net cash balance of approximately HK$39,381,000 as compared to that of approximately HK$68,964,000 as at 31 December 2003. As at 31 December 2004, the current ratio was 1.26 (2003: 1.37) and the gearing ratio was 0.35 (2003: 0.26) which was defined as the Group's interest-bearing bank loans and finance lease payables over its total equity.

Charges on assets

At 31 December 2004, fixed deposits of approximately HK$5,141,000 (2003: HK$16,470,000) were pledged to banks to secure banking facilities granted.

Treasury policies

The Group generally finances its operations with internally generated resources and credit facilities provided by banks in Hong Kong. Subsidiaries in the PRC use short-term borrowings in the PRC to finance working capital, which amounted to HK$45,617,000 as at 31 December 2004. Borrowing methods used by the Group mainly include trust receipt loans, overdrafts and term loans. The interest rates of most of these are fixed by reference to the Hong Kong Dollar Prime Rate. Both bank deposits and borrowings are mainly in Hong Kong dollars and US dollars.

Contingent liabilities

At 31 December 2004, the Company had contingent liabilities in relation to guarantees given to banks in connection with facilities granted to certain subsidiaries amounting to approximately HK$20,000,000.

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

The Group has no material contingent liability in respect of possible future long service payments to employees under the Employment Ordinance as some of current employees have achieved the required number of years of service to the Group in order to be eligible for long service payments under the Employment Ordinance if their employment is terminated under certain circumstances. A provision has not been recognised as at 31 December 2004 in respect of such possible payments, as it is not considered probable that the situation will result in a material future outflow of resources from the Group.

Foreign exchange exposure

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 Hong Kong to link the Hong Kong dollars to the US dollars remains in effect.

For further information regarding the Group's liquidity and financial resource and capital structure of the Group, please refer the notes 23 to 26 of the financial statements of the Company for the year ended 31 December 2004 in Appendix IV to this circular.

Employee and remuneration policies

As at 31 December 2004, the Group employed approximately 360 full time staff in China and Hong Kong. The Group remunerates its employees based on their performance, work 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.

For the year ended 31 December 2005

Financial Performance

The Group reported revenue of HK$225,108,000 (including revenue of HK$96,224,000 from discontinued operation) from its ordinary business in 2005, representing a decrease of 5% compared with HK$237,841,000 in 2004. Loss from its operating business narrowed by 42% to HK$17,303,000 (including loss of HK$4,897,000 from discontinued operation) from an operating loss of HK$29,755,000 in 2004 due to successful cost control.

Gross profit dropped 37% to HK$17,119,000 (including gross profit of HK$8,225,000 from discontinued operation) from HK$27,165,000 in 2004 as a result of diminished turnover achieved during the year, gross profit margin reducing to 8% from 11.4% in 2004 due to fierce competition.

The Group reported loss on disposal of its shareholding in Beijing Advanced Digital Technology Co., Ltd. ("ADT BJ"), resulting in an increase in net loss attributable to shareholders to HK$35,672,000 from a net loss of HK$26,853,000 in 2004. Loss per share were HK7 cents, compared with a net loss of HK5 cents per share last year.

Dividend

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2005 (2004: Nil).

Review of core Businesses

The Group's business portfolio has been re-defined with the acquisition of Acacia Asia Partners Limited ("Acacia") announced in August 2005 and the option for exchange of all the shares it held in ChinaCast for shares in Great Wall in September and the disposal of ADT BJ in November 2005.

Subsequently after the close of the financial year, the Group announced the acquisition of the entire share capital of Grand Panorama Limited, a property consultancy agency in Shanghai, for HK$30 million.

To reflect the Group's latest structural changes and business nature as a holding company, a new corporate identity and name – Venture International Investment Holdings Limited – was proposed in January 2006 with a special general meeting to be convened.

Ultimately, the Group will become an integrated investment group with three business streams – the existing ATM maintenance service through TopAsia, the provision of computer technology services primarily to property agency business in Shanghai through Acacia, and real estate consulting services through Grand Panorama upon completion of the transaction.

Continuing Core Business – ATM maintenance service and IT solutions: TopAsia

TopAsia remains a core operation of the Group, targeting at the provision of repair and maintenance services to self-service facilities to the banking and finance sector of China. Despite other structural changes within the Group, the TopAsia team remained highly focused and was able to achieve a turnover of HK$120,188,000 and a net profit growth from the previous year.

Significant progress was made in the provision of Automatic Teller Machines (ATM) and after sales repair and maintenance services to Bank of China ("BOC") and China Postal Bureau. The successful bid of the BOC Yunnan Branch tender represented a major breakthrough in making business inroads into the Southwestern region of China.

TopAsia also came out as the clear winner in the annual tender of the China Merchants Bank ("CMB"), retaining its pre-eminent service provider standing for ATMs, automatic deposit machines and automatic enquiry machines, and also two product dealerships for Diebold ATMs and revolving cash deposit and withdrawal machines. Importantly, there was a double growth in both customer base and product sales.

TopAsia's technical expertise to empower the China Postal Bureau to enhance the standardized ATMP software for its ATM system also allowed it to win the tenders in 11 provinces, including Anhui, Hubei, Hunan, Shaanxi, Zhejiang, Jiangxi and Hebei.

This core business of the Group continued to lead in the marketing and sales of ATMs in China. Orders in the amount of RMB40 million were obtained from Postal Bureaus of Hubei and Zhejiang, BOC Jiangsu Branch, Bank of Shanghai, Nanjing City Commercial Bank, and the Shenzhen, Beijing and Xining Branches of CMB.

TopAsia's cooperation with reputable IT operator in China, UTStarcom, which is the inventor of "Little Smart" (or Xiaolingtong) mobile services, continued to bring mutual benefits to both parties. Orders in the amount of RMB22 million were secured for the provision of peripherals to IPTV multi-media workstations. Cooperation with EMC, the world's largest manufacturer of storage facilities, also produced orders of RMB16 million for the Industrial Bank's Head Office, Anhui Mobile and Zhejiang Unicom.

New Investment – IT investment and management: Acacia

On 19 August 2005, the Group made a strategic decision to acquire the entire issued share capital of Acacia from an independent party for HK$13 million, representing a P/E ratio of 7.88 times. The transaction was completed in October 2005.

Acacia is primarily a provider of IT management, online and support services as well as Internet portal and data management services to property agencies in Mainland China. It focuses on providing web-based platforms to small to medium-sized property agencies in accessing key information in respect of the property market and potential investors in China, initially in Shanghai.

The Group believes in the tremendous potential of the IT sector in China as the market continues to open up, and Acacia's pursuit of constructing and developing web-based software to provide an interface for property agents in managing customers' data is a niche data management business with minimal direct competition at present, and an exciting new prospect for the Group to tap into.

Currently, the property agency market in China is going through a transitional consolidation phase and as a result of regulatory measures, there was a 60% drop in transaction volume since April 2005. However, it is expected that the pent-up demand will help stabilize the market by the second half of the year 2006.

As the market becomes increasingly competitive, local property agencies are more acutely aware of the importance of systematic management of client data for team sharing as widely adopted by Hong Kong and international agencies. This opens a window of opportunities for Acacia.

At the time of the acquisition, Acacia had already secured a service contract with a reputable growing property agency in Shanghai as a steady income source. Since then, three new customers have been secured.

New Investment – real estate consultancy services: Grand Panorama

Subsequently after the close of the financial year, the Group announced on 10 Feb 2006 that it would acquire the entire share capital of Grand Panorama, a property consultancy agency in Shanghai, for HK$30 million. Turnover of the company's real estate agency services business has been among the sector's top five in Shanghai for the past couple of years and the Group believes that the fast growing affluence of the middle class in the city will continue to drive demand and buoy the development potential of this new investment.

Divestments: ADT

In September 2005, the Group announced the disposal of its entire 55% shareholding in the software vehicle Beijing Advanced Digital Information Technology Co., Ltd (ADT BJ) for RMB27 million (HK$26 million) to another substantial shareholder of ADT BJ. As ADT (Hong Kong) is now a dormant operation, application for de-registration is being made and this is expected to come into effect in the middle of 2006.

The Group had arrived at the decision after careful consideration of the related unfavorable business environment in China, primarily fierce competition and reduced IT spending among customers – and the loss-making status of ADT BJ. The Directors believe that the time and resources previously allocated to ADT BJ could be more profitably deployed for greater shareholder gains.

The Group recorded net sales proceeds of HK$24.4 million from the disposal.

Also in September, the Group announced the undertaking to exchange its 14.96% shareholding in the Singapore-listed ChinaCast, a provider of technology services by using satellite, with 3,103,543 shares ("Consideration Shares") in Great Wall which is being traded over-the-counter on NASDAQ in the US.

Based on the closing price of Great Wall on September 13 before the announcement, the Consideration Shares were valued at HK$128.3 million, representing 11.81% of the enlarged issued share capital of Great Wall.

The transaction is under approval from relevant regulatory bodies. If approval is obtained within the deadline, the transaction will be completed in the second half of 2006 and the Group will achieve a gain of HK$60 million from the deal.

Great Wall is principally engaged in effecting mergers, capital stock exchanges and asset acquisitions. It intends to focus its initial target search on technology, media and telecommunications businesses in China.

The Directors believe that an investment in NASDAQ-listed shares is of higher potential in value appreciation.

Liquidity and Financial Resources

Net assets

As at 31 December 2005, the Group recorded total assets of approximately HK$202,868,000 which were financed by liabilities of approximately HK$47,559,000 and equity of approximately HK$155,309,000. The Group's net asset value as at 31 December 2005 increased by 19% to approximately HK$155,309,000 as compared to approximately HK$130,690,000 as at 31 December 2004.

Liquidity

The Group had total cash and bank balances of approximately HK$52,312,000 as at 31 December 2005 (2004: approximately HK$84,998,000). After deducting bank loans and overdrafts of approximately HK$626,000 (2004: approximately HK$45,617,000), the Group recorded a net cash balance of approximately HK$51,686,200 as compared to that of approximately HK$39,381,000 as at 31 December 2004. As at 31 December 2005, the current ratio was 2.04 (2004: 1.26) and the gearing ratio was 0.01 (2004: 0.35) which was defined as the Group's interest-bearing bank loans and finance lease payables over its total equity.

Charges on assets

At 31 December 2005, fixed deposits of approximately HK$139,000 (2004: HK$5,141,000) were pledged to banks to secure banking facilities granted.

Treasury policies

The Group generally finances its operations with internally generated resources and credit facilities provided by banks in Hong Kong. Subsidiaries in PRC use short-term borrowings in PRC to finance working capital during the year, there was no borrowings outstanding as at 31 December 2005. Borrowing methods used by the Group mainly include trust receipt loans, overdrafts and term loans. The interest rates of most of these are fixed by reference to the Hong Kong Dollar Prime Rate. Both bank deposits and borrowings are mainly in Hong Kong dollars and United States dollars ("US dollars").

Contingent liabilities

At 31 December 2005, the Company had contingent liabilities in relation to guarantees given to banks in connection with facilities granted to certain subsidiaries amounting to approximately HK$20,000,000 (2004: HK$20,000,000).

As at 31 December 2005, the banking facilities granted to the subsidiaries were utilized to the extent of approximately HK$626,000 (2004: HK$1,170,000).

The Group has no material contingent liability in respect of possible future long service payments to employees under the Hong Kong Employment Ordinance as some of current employees have achieved the required number of years of service to the Group in order to be eligible for long service payments under the Employment Ordinance if their employment is terminated under certain circumstances. Provision has been recognised as at 31 December 2005 in respect of such possible payments.

Foreign exchange exposure

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.

Employee and remuneration policies

As at 31 December 2005, the Group employed approximately 130 full time staff in the Mainland China and Hong Kong. The Group remunerates its employees based on their performance, work 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.

GRAND PANORAMA AND CONITY

There are two teams in Conity, the Residential Department and Non-residential (Commercial) Division. Residential Department targets to provide quality services to foreigners in Shanghai.

In October 2003, this Residential Division set up its first sales team in Gubei District, Shanghai. Gubei is a traditional luxury residential area since the early 90's Shanghai, with majority of Japanese and Taiwanese living in.

Gubei once achieved the highest sales record from a single shop in March 2004 with over RMB1 million commission income and was able to secure the Luxury brand name in this market. In order to extend the client base, in July 2004, Central Business districts in Shanghai was entered: the JingAn and LuWan District which covers several significant and renowned developments like the Lakeville, Rich Gate, Shanghai the Courtyards, Shanghai Central Residences and The Summit etc. Over 40% of the market shares in the above mentioned developments were achieved. Over 30% market shares in Old Villa and the Old Town House Market are achieved.

In 2004, this division achieved over RMB12 million of commission revenue with only 3 sales offices.

After the Central Government announced policies to control the overheated atmosphere in property market in April 2005, attention was shifted to the projects sales in order to recover the sales volume from the sudden shrinkage of second hand property market. This division was appointed as the sole agent of a retail shop project located in Wai Hai Lu with value of over RMB100 million. The project was completely sold out within a month. In addition, this division was appointed as authorized agent of Shui On Property, Yanlord Property and some developments out of Shanghai. As a result of the tightening macro-control policy during the year, which was put in place in order to control the over-heated property market, Grand Panorama made a net loss for the year ended 2005 and as a consequence of that, the cash and bank balance was reduced from approximately HK$4.8 million to HK$0.59 million in 2005 and the amount due to a director, which was applied to the working capital of Grand Panorama, increased from approximately HK$2.1 million to HK$4.7 million in 2005. However, it was expected that once a healthy property market is reinstated, the cash and bank balance of Grand Panorama will return to its ordinary level.

It also comes to the notice of the Directors that the selling and marketing expenses and administrative expenses for the year ended in 2005 amounted to approximately HK$14.2 million and approximately HK$20.2 million. However, taking into account of the costs for running business in the urban areas of Shanghai and the necessity to maintain a professional team of staff, the Directors consider that the selling and marketing expenses and administrative expenses is reasonable.

Even there is a sudden contraction of the market, this division can still achieve around RMB9 million of commission revenue in 2005.

As disclosed in the pro forma audited consolidated financial statements of Grand Panorama, the turnover, net profit before taxation and net profit after taxation for the financial year ended 31 December 2004 were approximately RMB14 million, RMB3.3 million and RMB3.3 million respectively. As disclosed in the pro forma audited consolidated financial statements of Grand Panorama, the audited turnover, net loss before taxation and net loss after taxation for the year ended 31 December 2005 were approximately RMB13 million, RMB3.6 million and RMB3.6 million respectively. The pro forma audited consolidated total assets of Grand Panorama as at 31 December 2005 was approximately RMB4.3 million and the audited consolidated net asset value of Grand Panorama was of a negative value of approximately RMB1.7 million as at 31 December 2005. The Directors are of the view the net loss of Grand Panorama for the year ended 31 December 2005 was mainly due to the macro-control of the PRC government on the real estate market of Shanghai in early 2005. The Directors believe that it will only be a temporary measure which will be removed once a healthy market is reinstated. However, in light of the continuous economic growth in the PRC and the steady demand for professional property services, the Directors consider that there are still potentials and prospects in the PRC property market in the long run.

Business on non-residential property was carried out by each divisions prior to September 2004. A separate division dealing with non-residential property was formally established focusing on the leasing and sale and purchase of high-end office building, retail shops and industrial buildings. Major market is in People's Square Area, Xu Jia Hui District, Nan Jin Road, Huai Hai Road, Hong Qiao Area in Western Shanghai and Lu Jia Zui Financial District, New Shanghai Commercial City and Zhu Yuan Business District of Eastern Shanghai.

Customer portfolio of this division belongs to high-end renowned conglomerate like Kingdee Software, Maytag China LLC, elong.com, Michelin Tyres and Heinz. On the other side, strong relationship was built up with Hutchison Whampoa, Hang Lung, Kerry, Henderson and Sun Hung Kai.

Same as Residential Department, this division suffered in 2005 after the change of Central Government's policy on property. Sale and purchase of commercial properties came to a halt with business focused on leasing. Revenue for the year 2005 closed over RMB5 million.

Investment in Conity

The principal business activity of Grand Panorama is real estate property agency through Conity, its sole and wholly owned subsidiary.

Liquidity and financial resources

Net Assets

As at 31 December 2005, Grand Panorama recorded total assets of approximately RMB4,227,398 which were financed by liabilities of approximately RMB5,942,047 causing a negative equity of approximately RMB1,714,649 which made up a negative net asset value as at 31 December 2005 was a negative figure of RMB1,714,649.

Liquidity

Grand Panorama had total cash and bank balances of approximately RMB1,786 as at 31 December 2005. The current ratio was 0.58 and there was no gearing ratio because Grand Panorama did not raise any bank or other interest-bearing loans.

Charges on assets

As at 31 December 2005, none of the assets of Grand Panorama was pledged.

Treasury policies

Grand Panorama generally finances its operations with internally generated resources and resources from related companies. There is no borrowing from bank or finance institution.

Foreign exchange exposure

Grand Panorama mainly earns revenue and incurs costs in Renminbi. Since there is a trend in appreciation in Renminbi, foreign exchange risk is remote.

Capital structure

The initial capital is USD140,000 which had been remitted to the PRC for funding of Grand Panorama and its subsidiary.

Employee and remuneration polices

As at 31 December 2005, Grand Panorama employed approximately 131 full time staff in China. Employees are remunerated based on their performance, work experience and the prevailing market rate. Performance related bonuses are granted on discretionary basis. Other employee benefits include mandatory social welfare fund, insurance and training programs.

Management Discussion and Analysis of the performance of Bonity

For the year ended 31 December 2003

3 teams were set up in Bonity upon its incorporation based on 3 geographical district located in Shanghai, that is the PuDong district, the HongKao/YangPu district and Central PuXi District.

The target customers were local PRC customers in middle tier market. There is total of 17 shops, 8 in PuDong, 5 in HongKao/YangPu and 4 in Central PuXi District. Revenue reached RMB14,273,438 with net profit of RMB57,546.

Since the market competition was tough with lots of new competitors joining in the market, Bonity started to streamline the business and putting more resources in niche and professional market to leverage the business risk, the non-residential and luxury market.

Liquidity and financial resources

Net Assets

As at 31 December 2003, Bonity recorded total assets of approximately RMB12,051,570 which were financed by liabilities of approximately RMB8,021,064 causing a negative equity of approximately RMB4,030,506 which made up a negative net asset value as at 31 December 2003 of RMB4,030,506.

Liquidity

Bonity had total cash and bank balances of approximately RMB2,617,398 as at 31 December 2003. The current ratio was 1.31 and there is no gearing ratio because Bonity did not raise any bank or other interest-bearing loans.

Charges on assets

At 31 December 2003, none of the assets of Bonity was pledged.

Treasury policies

Bonity generally finances its operations with internally generated resources, directors and resources from related companies. There is no borrowing from bank or finance institution.

Foreign exchange exposure

Bonity mainly earns revenue and incurs costs in Renminbi. Since there is a trend in appreciation in Renminbi, foreign exchange risk is remote.

Capital structure

As as the year end date, the paid-up capital amounted to US$480,000 was used as general working capital for the Company.

Employee and remuneration polices

As at 31 December 2003, Bonity employed approximately 227 full time staff in China. Employees are remunerated based on their performance, work experience and the prevailing market rate. Performance related bonuses are granted on discretionary basis. Other employee benefits include mandatory social security fund, insurance and training programs.

For the year ended 31 December 2004

During 2004, although the market competition is still tough, the successful segregation of Non-residential Division widened the market portfolio. The fully fledged sales team of both residential and non-residential contributed to revenue over RMB38,834,476 with loss being narrowed to RMB3,311.

Liquidity and financial resources

Net Assets

As at 31 December 2004, Bonity recorded total assets of approximately RMB20,694,226 (2003: RMB12,051,570) which were financed by liabilities of approximately RMB15,673,827 (2003: RMB8,021,064) causing a negative equity of approximately RMB5,020,399 (2003: RMB4,030,506) which made up a negative net asset value as at 31 December 2004 of RMB5,020,399 (2003: RMB4,030,506).

Liquidity

Bonity had total cash and bank balances of approximately RMB4,833,261 as at 31 December 2004 (2003: RMB2,617,398). The current ratio was 1.18 (2003: 1.31) and there is no gearing ratio because Bonity did not raise any bank or other interest-bearing loans.

Charges on assets

As at 31 December 2004, none of the assets of Bonity was pledged.

Treasury policies

Bonity generally finances its operations with internally generated resources, directors and resources from related companies. There is no borrowing from bank or finance institution.

Foreign exchange exposure

Bonity mainly earns revenue and incurs costs in Renminbi. Since there is a trend in appreciation in Renminbi, foreign exchange risk is remote.

Capital structure

During the year, additional working capital amounted to US$120,000 had been injected to the Company and increased the paid-up capital to US$600,000 at the year end date.

Employee and remuneration polices

As at 31 December 2004, Bonity employed approximately 374 full time staff in China. Employees are remunerated based on their performance, work experience and the prevailing market rate. Performance related bonuses are granted on discretionary basis. Other employee benefits include mandatory social security fund, insurance and training programs.

For the year ended 31 December 2005

After the Central Government announced policies to control the overheated atmosphere in property market in April 2005, the middle tier market was strongly affected by the high transaction cost and tax rate against short term speculating activities. The local customers lost confidence and lack of experiences to react, therefore transaction volume has dropped over 65% since policies announced.

During 2005, 3 non-productive shops have been closing down in order to lower down the loss. However, the management decided not to have further dramatic actions on closing down shops but major concentrate to lower down people cost and replacing new energetic sales force to face the difficulties. It is expected the market will turn healthy with more users but not dominant by speculators.

Liquidity and financial resources

Net Assets

As at 31 December 2005, Bonity recorded total assets of approximately RMB12,213,811 (2004: RMB20,694,226) which were financed by liabilities of approximately RMB15,520,999 (2004: RMB15,673,827) causing a negative equity of approximately RMB3,307,188 (2004: RMB5,020,399) which made up a negative net asset value as at 31 December 2005 of RMB3,307,188 (2004: RMB5,020,399).

Liquidity

Bonity had total cash and bank balances of approximately RMB594,191 as at 31 December 2005 (2004: RMB4,833,261). The current ratio was 0.55 (2004: 1.18) and there is no gearing ratio because Bonity did not raise any bank or other interest-bearing loan.

Charges on assets

At 31 December 2005, none of the assets of Bonity was pledged.

Treasury policies

Bonity generally finances its operations with internally generated resources, directors and related companies. There is no borrowing from bank or finance institution.

Foreign exchange exposure

Bonity mainly earns revenue and incurs costs in Renminbi. Since there is a trend in appreciation in Renminbi, foreign exchange risk is remote.

Capital structure

During the year, additional working capital amounted to US$488,888 had been injected to the Company and increased the paid-up capital to US$1,088,888 at the year end date.

Employee and remuneration polices

As at 31 December 2005, Bonity employed approximately 435 full time staff in China. Employees are remunerated based on their performance, work experience and the prevailing market rate. Performance related bonuses are granted on discretionary basis. Other employee benefits include mandatory social security fund, insurance and training programs.

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. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date were as follows:

Authorised:		*HK$*
1,000,000,000	Shares of HK$0.10 each	100,000,000
Issued and fully paid or credited as fully paid:		*HK$*
557,351,493	Shares of HK$0.10 each	55,735,149.30

3. DISCLOSURE OF INTERESTS

(a) Directors' interests and short positions in the securities of the Company and its associated corporations

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

Name of Director	*Note*	**Nature of interest**	**No. of Shares held**	**Position**	**Approximate percentage of issued share capital**
Chan Tze Ngon	–	Beneficial owner	125,542,000	Long	22.52%

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 and 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. There is no director or proposed director who is also a director or employee of a company which has an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO.

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

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 Shareholder	Nature of Interests	No. of Shares held	Position	Approximate percentage of issued share capital
Li Yiu Wai	Beneficial owner	54,621,849	Long	9.80%

(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.	BCM Software (HK) Ltd.	1 ordinary share of HK$1 (L)	10%

L: represents the entity's interest 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.

4. DIRECTORS' SERVICE CONTRACTS

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

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 by or 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 or trading position of the Group since 31 December 2005, being the date to which the latest published audited financial statements of the Group were 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. MATERIAL CONTRACTS

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

(i) the sale and purchase agreement dated 3 November 2004 and entered into between ChinaCast Company Limited and the Group for the acquisition of 20% of the registered capital of Beijing Dongshi Shuangwei Education Technology Company Limited at a consideration of RMB15 million;

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

(iii) the irrevocable letter of undertaking dated 13 September 2005 in relation to the disposal of approximately 14.96% of the issued capital of ChinaCast Communications Holdings Limited;

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

(v) 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);

(vi) the Sale and Purchase Agreement; and

(vii) the supplemental sale and purchase agreement dated 26 May 2006 and entered into among the Vendors, the Purchaser and Mr. Samuel Lin Jr. in relation to the extension of the long stop date of the Sale and Purchase Agreement.

9. EXPERT AND CONSENT

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

Name	**Qualification**
Lawrence CPA Limited	Certified Public Accountants

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

As at the Latest Practicable Date, Lawrence CPA Limited:

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

(b) did not have any shareholding interest 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.

10. MISCELLANEOUS

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

(b) As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired, disposed of by or leased to, or which were proposed to be acquired, disposed of by or leased to, any member of the Group since 31 December 2005, the date to which the latest published audited consolidated financial statements of the Group were made up.

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

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

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

(f) The company secretary and qualified accountant of the Company is Ms. Tong Pui Wah, Lisa, who is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales. Ms. Tong has 16 years' experience in finance and administration with large multi-national groups.

(g) In the event of any inconsistency, the English language text of this circular and the form of proxy shall prevail over the Chinese language text.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for inspection during normal business hours at the office of the Company at Room 3101, 31st Floor, 118 Connaught Road West, Hong Kong from the date of this circular up to and including 16 June 2006 and at the SGM:

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

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

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

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

(e) the accountants' report of Grand Panorama, the text of which is set out in Appendix IIA to this circular;

(f) the accountants' report of Bonity, the text of which is set out in Appendix IIB to this circular;

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

(h) the circular of the Company dated 17 January 2005 in relation to the acquisition of 20% of the registered capital of Beijing Dongshi Shuangwei Education Technology Company Limited;

(i) the circular of the Company dated 17 September 2005 in relation to the acquisition of the entire issued share capital of and the shareholder's loan due by Acacia Asia Partners Limited;

(j) the circular of the Company dated 10 November 2005 in relation to the disposal and acquisition of the interests in subsidiaries;

(k) the circular of the Company dated 30 November 2005 in relation to the very substantial disposal and very substantial acquisition in respect of approximately 14.96% of the issued capital of ChinaCast Communications Holdings Limited; and

(l) this circular.

TECHNOLOGY VENTURE HOLDINGS LIMITED
(宏昌科技集團有限公司)*

(incorporated in Bermuda with limited liability)

(Stock Code: 61)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the "**SGM**") of the shareholders of Technology Venture Holdings Limited (the "**Company**") will be held at Room 3101, 31st Floor, 118 Connaught Road West, Hong Kong on Friday, 16 June 2006 at 11:00 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolution as an ordinary resolution of the Company:

"THAT

(a) the sale and purchase agreement dated 10 February 2006 (the "**Sale and Purchase Agreement**") and the supplemental agreement dated 26 May 2006 (the "**Supplemental Agreement**", together with the Sale and Purchase Agreement as the "**Sale and Purchase Agreements**") entered into among August Chance Investments Limited, Recognition International Limited, John S & Sherry H Chen Family 1994 Trust, Toh Teng Peow David, Tam Yuk Ching Jenny, Double Assets Investments Limited, Profitone Agents Limited, Universal Chinese Limited, Every Perform Technology Limited and Fabulous On Services Limited (collectively as vendors), Mr. Samuel Lin Jr. (as guarantor) and Technology Venture Investments Limited (as purchaser) for the sale and purchase of 10,411 shares of US$1.00 each in the share capital of Grand Panorama Limited, copy of each of the Sale and Purchase Agreement and the Supplemental Agreement has been produced to this meeting marked respectively "A" and "B" and signed by the Chairman of this meeting for identification purpose, and the matters contemplated thereby be and are hereby approved, confirmed and ratified;

(b) conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and the permission to deal in, the Consideration Shares (as defined in the circular of the Company dated 30 May 2006) and the Elected Consideration Shares (as defined in the circular of the Company dated 30 May 2006), the allotment and issue of the Consideration Shares and the Elected Consideration Shares as payment of the consideration for the Sale and Purchase Agreements be and is hereby approved; and

* *for identification purpose only*

(c) any one Director be and is hereby authorised to do on behalf of the Company whatever they may consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation and completion of the Sale and Purchase Agreements and the matters contemplated therein."

By order of the Board
Technology Venture Holdings Limited
Chan Tze Ngon
Chairman

Hong Kong, 30 May 2006

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

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

Notes:

1. A member entitled to attend and vote at the SGM is entitled to appoint one or more proxy to attend and, subject to the provisions of the bye-laws of the Company, to vote on his/her/its behalf. A proxy need not be a member of the Company but must be present in person at the SGM 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 SGM is enclosed with the circular of the Company dated 30 May 2006. Whether or not you intend to attend the SGM in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the SGM or any adjournment thereof, should he/she/it so wishes.

3. In order to be valid, the form of proxy, together with a power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority must be deposited at 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 SGM or any adjournment thereof.

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

TECHNOLOGY VENTURE HOLDINGS LIMITED

（宏昌科技集團有限公司）*

(incorporated in Bermuda with limited liability)

(Stock Code: 61)

FORM OF PROXY

Form of proxy for use by shareholders at the special general meeting of Technology Venture Holdings Limited to be held at Room 3101, 31st Floor, 118 Connaught Road West, Hong Kong on Friday, 16 June 2006 at 11:00 a.m. and at any adjournment thereof.

I/We *(note a)* ______________________________ of ______________________________
______________________________ being the registered holder(s) of ______________________________
(note b) shares of HK$0.10 each in the capital of Technology Venture Holdings Limited (the "**Company**") hereby appoint the chairman of the special general meeting or ____________________ of ____________________
______________________________ to act as my/our proxy *(note c)* to attend and vote on my/our behalf at the special general meeting of the Company to be held at Room 3101, 31st Floor, 118 Connaught Road West, Hong Kong on Friday, 16 June 2006 at 11:00 a.m. and at any adjournment thereof (and to exercise all rights conferred on proxies under law, regulation and the bye-laws of the Company) as hereunder indicated and, if no such indication is given, as my/our proxy thinks fit.

Please make a mark "✓" in the appropriate box to indicate how you wish your proxy to vote at the special general meeting *(note d)*.

	FOR	**AGAINST**
To approve the Sale and Purchase Agreements and the transactions contemplated thereby as referred to in the notice of the special general meeting dated 30 May 2006		

Dated the ____________________ day of ____________________ 2006

Shareholder's signature ______________________________ *(notes e, f, g and h)*

Notes:

a. Full name(s) and address(es) are to be inserted in BLOCK CAPITALS.

b. Please insert the number of shares registered in your name(s). If no number is inserted, this form of proxy will be deemed to relate to all the shares in the capital of the Company registered in your name(s).

c. A proxy need not be a shareholder of the Company, but must attend the meeting in person to represent you. You are entitled to appoint a proxy of your own choice. If you wish to appoint some person other than the chairman of the special general meeting as your proxy, please delete the words "the chairman of the special general meeting or" and insert the full name and address of the proxy desired in the space provided. Any changes should be initialled.

d. If you wish to vote for the resolution, please tick ("✓") in the relevant box marked "For". If you wish to vote against the resolution, please tick ("✓") in the relevant box marked "Against". If this form of proxy returned is duly signed but without specific direction on the proposed resolution, the proxy will vote or abstain at his/her discretion in respect of the proposed resolution, the proxy will vote or abstain at his/her discretion. A proxy will also be entitled to vote or abstain at his discretion on any resolution properly put to the meeting other than those set out in the notice convening the meeting.

e. In the case of a joint holding, this form of proxy may be signed by any joint holder, but if more than one joint holder is present at the meeting, whether in person or by proxy, the joint holder whose name stands first on the register of members of the Company in respect of the relevant joint holding shall alone be entitled to vote in respect thereof.

f. This form of proxy must be signed by a shareholder, or his/her/its attorney duly authorised in writing, or if the shareholder is a corporation, either under its common seal or under the hand of an officer or attorney so authorised.

g. To be valid, this form of proxy together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority must be deposited 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 later than 48 hours before the time of the meeting or any adjourned meeting.

h. Any alteration made to this form should be initialled by the person who signs the form.

i. Completion and return of this form of proxy will not preclude you from attending and voting at the meeting if you so wish. In the event that you attend the meeting after having lodged this form of proxy, this form of proxy will be deemed to have been revoked.

* *for identification purpose only*