THE CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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

VENTURE INTERNATIONAL INVESTMENT HOLDINGS LIMITED

（宏昌國際投資控股有限公司）*

(incorporated in Bermuda with limited liability)

(Stock Code: 61)

VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION: DISPOSAL OF EQUITY INTERESTS IN CHINACAST AND VERY SUBSTANTIAL DISPOSAL: FUTURE DISPOSAL OF EQUITY INTERESTS IN GREAT WALL

Independent financial adviser to the independent board committee and the independent shareholders of the Company

taifook

TAIFOOK CAPITAL LIMITED

A letter of advice from the independent board committee of the Company is set out on page 21 of this circular.

A letter of advice from Taifook Capital Limited to the independent board committee and the independent shareholders of the Company is set out on pages 22 to 40 of this circular.

A notice convening a special general meeting of the Company to be held at Room 3101, 31st Floor, 118 Connaught Road West, Hong Kong on Monday, 18 September 2006 at 11:00 a.m. is set out on pages 147 to 148 of this circular.

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

* *for identification purpose only*

31 August 2006

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DEFINITIONS

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

"Announcement"	the announcement of the Company dated 28 July 2006 in respect of, among other matters, the Disposal and the Future Disposal
"associates"	has the meaning ascribed to this term under the Listing Rules
"Board"	the board of Directors from time to time
"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
"ChinaCast"	ChinaCast Communication Holdings Limited, a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the SGX-ST
"ChinaCast Shares"	shares of US$0.08 each in the capital of ChinaCast
"Company"	Venture International Investment 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 First Sale Shares in accordance with Sale and Purchase Agreement
"Directors"	directors of the Company
"Disposal"	the disposal of First Sale Shares by TVI to the Purchaser pursuant to the Sale and Purchase Agreement and the transactions contemplated thereunder
"Existing Letter of Undertaking"	the existing irrevocable letter of undertaking dated 13 September 2005 signed by TVI in favour of Great Wall in relation to the disposal of Sale Shares by TVI to Great Wall and the transactions contemplated thereby including the acceptance of the Offer and the election to receive the share consideration for the Sale Shares pursuant to the Offer

"First Sale Shares"	33,037,220 Sale Shares to be disposed by TVI to the Purchaser pursuant to the Sale and Purchase Agreement, representing approximately half of the Sale Shares and approximately 7.48% of the issued share capital of ChinaCast
"Future Disposal"	the proposal to dispose the Great Wall Sale Shares held by the Group at market price on the NASDAQ OTC Bulletin Board
"Great Wall"	Great Wall Acquisition Corporation, a company incorporated in the United States of America and the shares of which are listed on the NASDAQ OTC Bulletin Board
"Great Wall Shares"	shares of US$0.001 each in the capital of Great Wall
"Great Wall Sale Shares"	the 1,551,772 Great Wall Shares to be held by the Group upon the election of Share Consideration under the Offer in respect of the 33,037,221 ChinaCast Shares held by it
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	the independent committee of the board, comprising Mr. Benedict Tai, Mr. Fu Yan Yan and Ms. Wang Xi Ling, all being independent non-executive Directors, formed for the purpose of advising the Independent Shareholders on the Disposal
"Independent Shareholders"	the Shareholders other than the Purchaser and his associates
"Independent Third Party(ies)"	independent third party(ies) not being connected person(s) of the Company (as defined in the Listing Rules) and not connected with the directors, chief executive and substantial shareholders of the Company and any of its subsidiaries or their respective associates
"Latest Practicable Date"	29 August 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

"MOU"	the non-legally binding memorandum of understanding dated on 17 July 2006 and signed by TVI and an Independent Third Party in relation to the proposed acquisition by TVI of a mortgage broker company in the PRC
"New Letter of Undertaking"	the irrevocable renewed letter of undertaking in respect of the Offer dated 13 July 2006 on substantially similar terms as the Existing Letter of Undertaking signed by TVI and the Purchaser pursuant to which the Purchaser, as the approved transferee, will observe and discharge all the terms and conditions of that letter of undertaking in respect of any transferred Sale Shares to him as if he is TVI upon completion of such transfer
"Offer"	the pre-conditional voluntary offer to be made by Great Wall to acquire the entire issued share capital of ChinaCast, further details of which are set out in the announcement published by DBS Bank Ltd. for and on behalf of Great Wall dated 14 September 2005
"PRC"	the People's Republic of China
"Purchaser"	Mr. Chan Tze Ngon, an executive Director and a substantial shareholder of the Company
"Sale and Purchase Agreement"	the sale and purchase agreement dated 17 July 2006 and entered into between TVI as vendor and the Purchaser as purchaser in relation to the sale and purchase of the First Sale Shares
"Sale Shares"	66,074,441 ChinaCast Shares, representing approximately 14.96% of the issued share capital of ChinaCast
"SFO"	Securities and Futures Ordinance, Cap. 571 of the Laws of Hong Kong
"SGM"	the special general meeting to be convened and held for the purpose of considering and, if thought fit, approving the Disposal and the Future Disposal and the transactions contemplated thereunder
"SGX-ST"	Singapore Exchange Securities Trading Limited
"Share Consideration"	share consideration for the ChinaCast Shares pursuant to the Offer, which is 0.046970408 Great Wall Share for each ChinaCast Share held

"Shareholders"	holders of the Shares
"Shares"	ordinary shares of HK$0.10 each in the capital of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"TVI"	Technology Venture Investments Limited, a wholly-owned subsidiary of the Company
"U.S."	the United States of America
"HK$"	Hong Kong dollars, the lawful currency for the time being of Hong Kong
"RMB"	Renminbi, the lawful currency for the time being of the PRC
"S$"	Singapore dollars, the lawful currency for the time being of Singapore
"US$"	United States dollars, the lawful currency for the time being of the United States of America
"%"	per cent.

For the purpose of this circular, unless otherwise specified, conversions of United States dollars to Hong Kong dollars, Singapore dollars to Hong Kong dollars and Renminbi to Hong Kong dollars are based on the approximate exchange rate of US$1.00 to HK$7.80, S$1.00 to HK$4.895 and RMB1.03 to HK$1.00 respectively. Such exchange rates have been used, where applicable, for purposes of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates at all.

VENTURE INTERNATIONAL INVESTMENT HOLDINGS LIMITED
(宏昌國際投資控股有限公司)*
(incorporated in Bermuda with limited liability)
(Stock Code: 61)

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

Independent non-executive Directors:
Mr. Benedict Tai
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

31 August 2006

To the Shareholders

Dear Sir or Madam,

VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION: DISPOSAL OF EQUITY INTERESTS IN CHINACAST AND VERY SUBSTANTIAL DISPOSAL: FUTURE DISPOSAL OF EQUITY INTERESTS IN GREAT WALL

INTRODUCTION

Reference is made to the Announcement of the Company dated 28 July 2006 in relation to, among other matters, the proposed Disposal of the 33,037,220 First Sale Shares pursuant to the Sale and Purchase Agreement and the Future Disposal of the 1,551,772 Great Wall Sale Shares.

Since the Purchaser is an executive Director and a substantial Shareholder of the Company, he is a connected person under the Listing Rules and the Disposal constitutes a very substantial disposal and connected transaction on the part of the Company under the Listing Rules. The Disposal is subject to the approval by the Independent Shareholders at the SGM by way of a poll. The Independent Board Committee comprising Mr. Benedict Tai, Mr. Fu Yan Yan and Ms. Wang Xi Ling, all being independent non-executive Directors,

* *for identification purpose only*

has been established to advise the Independent Shareholders as to the fairness and reasonableness of the Disposal. Taifook Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The Future Disposal will constitute a very substantial disposal on the part of the Company under the Listing Rules and prior approval will be sought from the Shareholders at the SGM.

The purpose of this circular is to provide you with further information regarding, among other matters, the Disposal and the Future Disposal, to set out the recommendation of the Independent Board Committee to the Independent Shareholders and the advice from Taifook Capital Limited to the Independent Board Committee and the Independent Shareholders in respect of the Disposal, and to give you notice of the SGM.

BACKGROUND

Reference is made to the announcement of the Company dated 23 September 2005 and the circular of the Company dated 30 November 2005, in relation to, among other matters, the Offer made by Great Wall for all the ChinaCast Shares (including the Sale Shares held by TVI) in accordance with Rule 15 of The Singapore Code of Take-overs and Mergers. Further details of the Offer have been disclosed in the announcement published by DBS Bank Ltd. for and on behalf of Great Wall dated 14 September 2005 in relation to the Offer.

In accordance with the Existing Letter of Undertaking, TVI has agreed to accept the Offer in respect of the 66,074,441 ChinaCast Shares held by it and to elect to receive the Share Consideration in connection thereto in lieu of the cash consideration of S$0.28 per Sale Share (equivalent to approximately HK$1.37 per Sale Share). On the basis of 0.046970408 Great Wall Share for each ChinaCast Share held, TVI would receive approximately 3,103,543 Great Wall Shares in exchange for the 66,074,441 ChinaCast Shares. Based on the closing price of US$5.13 per Great Wall Share as quoted on NASDAQ OTC Bulletin Board on 14 July 2006, the total value of the 3,103,543 Great Wall Shares would be US$15,921,175.59 (equivalent to approximately HK$124,185,000), that is, approximately HK$1.879 per ChinaCast Share. The proposed disposal of the 66,074,441 Sale Shares by TVI to Great Wall pursuant to the Existing Letter of Undertaking constituted a very substantial disposal on the part of the Company and was subject to the approval of the Shareholders, which approval was obtained at a special general meeting of the Company on 16 December 2005.

Reference is also made to the announcement of the Company dated 22 March 2006 in which it also announced that Great Wall has extended the long stop date of the Offer to 31 December 2006 as additional time is required by Great Wall to satisfy the pre-conditions of the Offer.

The pre-conditions of the Offer are as follows:

(a) all resolutions as may be necessary or incidental to approve, implement and effect the Offer, the acquisition of any ChinaCast Shares pursuant to the Offer or otherwise, and the allotment and issue of the new Great Wall Shares pursuant to the Offer or any other acquisitions of ChinaCast Shares (including pursuant to any compulsory acquisition pursuant to Section 102(1) of the Companies Act 1981 of Bermuda (as amended)) having been passed at a general meeting of the stockholders of Great Wall (or any adjournment thereof); and

(b) ChinaCast providing Great Wall with audited consolidated financial statements of ChinaCast prepared in accordance with U.S. generally accepted accounting principles and Regulation S-X promulgated under the Securities Exchange Act of 1934, as amended, for at least its two most recent financial years and such other financial information as may be required to be included in any filing (or exhibit thereto) to be filed with the Securities and Exchange Commission in Singapore in connection with the Offer by 30 September 2005.

The extension of long stop date has been approved by the stockholders of Great Wall at a special meeting held on 21 March 2006. Great Wall has also obtained the ruling from the Securities Industry Council (the regulatory body on The Singapore Code of Take-overs and Mergers in Singapore) in respect of the extension of time.

As at the Latest Practicable Date, TVI beneficially owns 66,074,441 ChinaCast Shares. For the reasons as set out under the section headed "Reasons for the Disposal" in this circular, TVI entered into the Sale and Purchase Agreement for the disposal of 33,037,220 ChinaCast Shares held by it to the Purchaser. For further details of the Sale and Purchase Agreement, please refer to the section headed "Sale and Purchase Agreement" in this circular.

For the remaining 33,037,221 ChinaCast Shares held by TVI, they will be exchanged into 1,551,772 Great Wall Shares under the Offer. Subject to the then prevailing market conditions, the Directors propose to dispose of the Great Wall Sale Shares in the market if they consider that the Future Disposal is in the interests of the Company and the Shareholders as a whole. For further details of the Future Disposal, please refer to the section headed "The Future Disposal of the Great Wall Sale Shares" in this circular.

RENEWAL OF LETTER OF UNDERTAKING

In accordance with the terms of the Existing Letter of Undertaking, the Existing Letter of Undertaking expired on 13 July 2006 unless being renewed.

Under the Existing Letter of Undertaking, TVI has, among other matters, agreed:

(a) to accept the Offer in respect of the Sale Shares held by it, not later than 5:00 p.m. (Singapore time) on the date falling seven business days after the date of despatch of the offer document in respect of the Offer;

(b) to elect to receive the Share Consideration in connection thereto; and

(c) not to sell, transfer, assign or otherwise dispose any part of the Great Wall Shares received by it pursuant to the acceptance of the Offer in a manner that would violate the Securities and Exchange Commission rules and regulations in Singapore.

There is no other restriction imposed on the subsequent sale of the Great Wall Shares to be held by TVI pursuant to the Existing Letter of Undertaking and the New Letter of Undertaking. In respect of term (c) above, the entering into of the Sale and Purchase Agreement and the Future Disposal will not breach such term. The Directors will take every measure to ensure that such term will not be violated.

For further details of the Existing Letter of Undertaking and the Offer, please refer to the circular of the Company dated 30 November 2005.

On 13 July 2006, TVI signed the New Letter of Undertaking to restate and substitute the Existing Letter of Undertaking in favour of Great Wall in relation to the Offer. The Purchaser was joined as an approved transferee. The terms of the New Letter of Undertaking in respect of the acceptance of the Offer essentially replicate the terms of the Existing Letter of Undertaking as set out above. The New Letter of Undertaking will be effective until ten months after the date of the New Letter of Undertaking. The Disposal will not breach and/or violate the terms contained in the New Letter of Undertaking as the Purchaser was an approved transferee under the New Letter of Undertaking.

The Purchaser, as the approved transferee under the New Letter of Undertaking, has agreed with Great Wall that, among other matters, in the event all or any of the 66,074,441 Sale Shares (including but not limited to the First Sale Shares) are transferred by TVI to the Purchaser, then any transferred Sale Shares the Purchaser acquires are subject to the provisions of the New Letter of Undertaking.

SALE AND PURCHASE AGREEMENT

Date: 17 July 2006

Parties:

Vendor: TVI, a wholly owned subsidiary of the Company

Purchaser: Mr. Chan Tze Ngon, an executive Director and a substantial Shareholder of the Company

Since the Purchaser is an executive Director and a substantial Shareholder of the Company, the Sale and Purchase Agreement constitutes a connected transaction of the Company under the Listing Rules.

Assets to be disposed

Pursuant to the Sale and Purchase Agreement, the Vendor has agreed to sell and the Purchaser has agreed to acquire the First Sale Shares, being 33,037,220 ChinaCast Shares in the issued share capital of ChinaCast, representing approximately 7.48% of the issued share capital of ChinaCast.

Consideration

Approximately S$9,250,000 (equivalent to approximately HK$45,279,000), i.e. equivalent to S$0.28 per Sale Share, shall be payable by the Purchaser to the Vendor in cashier orders issued by a licensed bank in Hong Kong and made payable in favour of the Vendor at Completion.

The consideration for the Disposal was arrived at after arm's length negotiations between TVI and the Purchaser with reference to the cash consideration of S$0.28 (equivalent to approximately HK$1.37 per Sale Share) for each ChinaCast Share under the Offer.

The price of S$0.28 (equivalent to approximately HK$1.37) for each First Sale Share represents:

(a) a discount of approximately 6.67% to the closing price of S$0.30 per ChinaCast Share as quoted on the SGX-ST on 14 July 2006, being the last trading day immediately prior to the entering into the Sale and Purchase Agreement;

(b) a premium of approximately 9.80% over the closing price of S$0.255 per ChinaCast Share as quoted on the SGX-ST on 13 September 2005, being the last trading day prior to the announcement published by DBS Bank Ltd. for and on behalf of Great Wall dated 14 September 2005 in relation to the Offer; and

(c) a premium of approximately 6.20% over the audited net asset value of approximately RMB1.33 (equivalent to approximately HK$1.29) per ChinaCast Share as at 31 December 2005 as shown in ChinaCast's audited financial statements made up to 31 December 2005.

The highest and lowest closing prices per ChinaCast Share as quoted on the SGX-ST from 13 September 2005, being the last trading date prior to the announcement published by DBS Bank Ltd. for and on behalf of Great Wall in relation to the Offer, were as follows:

Month	Highest	Lowest
	S$	*S$*
2005		
September (from 13 September 2005)	0.290	0.255
October	0.275	0.265
November	0.270	0.260
December	0.265	0.245
2006		
January	0.255	0.235
February	0.285	0.245
March	0.330	0.245
April	0.385	0.310
May	0.355	0.315
June	0.345	0.310
July	0.320	0.280
August (up to and including 25 August 2006)	0.310	0.300

As shown in the above table, the highest closing price per ChinaCast Share during the period was S$0.385 and the lowest closing price was S$0.235. The average daily trading volume of ChinaCast Shares as quoted on the SGX-ST during the period was approximately 900,000 ChinaCast Shares per trading day. Taking into account of the number of the First Sale Shares to be disposed of and the market fluctuations in the share price, coupled with the fact that the liquidity of ChinaCast Shares in the open market has been relatively thin in comparison with the 33,037,220 First Sale Shares to be disposed, the Group may not necessarily be able to dispose such number of ChinaCast Shares in the open market at such price. As such, the Directors consider that the discount of approximately 6.67% to the closing price of S$0.30 per ChinaCast Share as quoted on the SGX-ST on 14 July 2006 is fair and reasonable.

Based on the closing price of US$5.13 (equivalent to approximately HK$40.014) per Great Wall Share as quoted on the NASDAQ OTC Bulletin Board on 14 July 2006, being the last trading day immediately prior to the entering into the Sale and Purchase Agreement, the 0.046970408 Great Wall Share (equivalent to one ChinaCast Share under the Share Consideration) will be valued at approximately US$0.241 (equivalent to approximately HK$1.879), which represents a premium of approximately 37.15% over the cash price of S$0.28 (equivalent to approximately HK$1.37) for each First Sale Share, and approximately 1,551,772 Great Wall Shares (equivalent to approximately 33,037,220 ChinaCast Shares under the Share Consideration) will be valued at approximately US$7,960,589 (equivalent to approximately HK$62,093,000), representing a difference of approximately HK$16,814,000.

Whereas the Share Consideration under the Offer, based on the closing price of US$5.13 (equivalent to approximately HK$40.014) per Great Wall Share as quoted on the NASDAQ OTC Bulletin Board on 14 July 2006, represents a premium of approximately

37.15% over the consideration under the Sale and Purchase Agreement, the cash offer price offered by Great Wall under the Offer is S$0.28, which also forms the basis for the consideration of the Sale and Purchase Agreement. The Directors also noted that the closing stock price per Great Wall Share has fallen from US$5.30 as quoted on the NASDAQ OTC Bulletin Board on 13 September 2005, being the last trading date immediately before the announcement published by DBS Bank Ltd. for and on behalf of Great Wall in relation to the Offer, to US$5.13 as quoted on the NASDAQ OTC Bulletin Board on 14 July 2006.

Taking into account of the uncertainty in the stock market conditions, the liquidity of the ChinaCast Shares and the requisite time to wait for the completion of the Offer, which is expected to be completed by 31 December 2006, the Directors consider that the cash offer price offered by Great Wall under the Offer, instead of the Share Consideration, is a better indicator. With the additional fact that the Company will receive the cash consideration in a lump sum upon Completion by 30 September 2006 and the Disposal represents a more certain and efficient way to realise part of the Group's investment in ChinaCast, the Directors consider that the consideration for the Disposal is fair and reasonable and is in the interests of the Company and Shareholders as a whole.

Due to a numerical calculation error, the Share Consideration under the Offer, based on the closing price of US$5.13 per Great Wall Share on 14 July 2006, would represent a premium of approximately 37.15% over the consideration under the Sale and Purchase Agreement, instead of approximately 27.09% as stated in the Announcement.

Conditions precedent

Completion shall be conditional upon and subject to, among other conditions:

(a) the passing by the Independent Shareholders at the SGM to be convened and held of the necessary resolutions to approve the Sale and Purchase Agreement and the transactions contemplated hereunder;

(b) the release and discharge by Great Wall of any obligations, liabilities, duties, commitments or otherwise any undertakings of TVI in respect of the First Sale Shares as may or might arise from the Existing Letter of Undertaking and/or the New Letter of Undertaking;

(c) without prejudice to (a) above, all necessary consents and approval required to be obtained on the part of TVI in respect of the Sale and Purchase Agreement and the transactions contemplated thereby having been obtained; and

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

Each party to the Sale and Purchase Agreement shall exercise all its best endeavours to procure the satisfaction of the above conditions by 30 September 2006. In the event any of the conditions referred to above not being fulfilled (or waived) by 5:00 p.m. on 30

September 2006 (or such other time and date as may be agreed by TVI and the Purchaser), all rights, obligations and liabilities of the parties to the Sale and Purchase Agreement shall cease and determine and neither party shall have any claim against the other, save for any antecedent breaches of the terms thereof.

The Disposal of the 33,037,220 ChinaCast Shares and the Future Disposal of the about 1,551,772 Great Wall Shares are not inter-conditional upon each other. As at the Latest Practicable Date, save as previously disclosed, the Group has not disposed any of the 66,074,441 Sale Shares.

Completion

Completion is expected to take place on the third Business Day after the conditions of the Sale and Purchase Agreement having been fulfilled (or waived) or such later date as may be agreed between the Vendor and the Purchaser.

The Purchaser will be able to accept the Offer upon Completion. Based on the closing price of US$5.13 (equivalent to approximately HK$40.014) per Great Wall Share as quoted on the NASDAQ OTC Bulletin Board on 14 July 2006, the approximately 1,551,772 Great Wall Shares (equivalent to 33,037,220 ChinaCast Shares under the Share Consideration) will be valued at approximately US$7,960,589 (equivalent to approximately HK$62,093,000), representing a difference of approximately HK$16,814,000 to the consideration under the Sale and Purchase Agreement. Based on the cash offer price of S$0.28 per ChinaCast Share offered by Great Wall under the Offer, the Purchaser will not obtain any gain under the Offer.

Upon Completion, the Group will continue to maintain sufficient level of business through Acacia Asia Partners Limited and Topasia Computer Limited ("Topasia"), both of which are wholly owned subsidiaries of the Group. Acacia Asia Partners Limited is primarily a provider of IT management, online and support service as well as internet portal and data management services to property agencies in the PRC. Topasia Computer Limited remains a core operation of the Group, targeting at the trading and provision of repair and maintenance services to self-services facilities to the banking and finance sector of China. Topasia Computer Limited was able to achieve a turnover of HK$120,188,000 for the year ended 31 December 2005. The Directors believe that there are tremendous potentials in the business of the two subsidiaries as the PRC market will continue to grow.

THE FUTURE DISPOSAL OF THE GREAT WALL SALE SHARES

Immediately upon Completion, the Group shall continue to hold 33,037,221 ChinaCast Shares, representing approximately 7.48% of the issued share capital of ChinaCast. Pursuant to the terms of the New Letter of Undertaking, TVI has agreed to elect to receive the Share Consideration in connection to the Offer. Upon completion of the Offer, and assuming that the Sale and Purchase Agreement has been completed accordingly, TVI will hold 1,551,772 Great Wall Shares. Subject to the price of Great Wall Shares as traded on the NASDAQ OTC Bulletin Board in the future, the Directors propose to dispose of the Great Wall Sale Shares to Independent Third Parties in the open market of the NASDAQ OTC Bulletin Board at the then prevailing market price if they consider that the Future Disposal is in the interests of the Company and the Shareholders as a whole.

The Future Disposal, which will be based on the prevailing market price in the open market of the NASDAQ OTC Bulletin Board, will constitute a very substantial disposal of the Company under the Listing Rules and will be subject to approval of the Shareholders. In order to provide flexibility to the Group in disposing of the Great Wall Sale Shares, the Company will seek prior approval of the Shareholders in respect of the Future Disposal at the SGM. Such prior approval shall be effective for a period of one year from the date of passing the relevant resolution at the SGM. Should there be any remaining Great Wall Sale Shares to be disposed of after the one-year period, the Company will comply with all relevant rules of the Listing Rules, make further announcements in this regard and obtain approval from the Shareholders, where necessary. Should any further disposal of Great Wall Shares in the future when aggregated with the Future Disposal in the immediately preceding 12 months constitute any notifiable transactions which require Shareholders' approval under Rules 14.40 and 14.49 of the Listing Rules, the Company will obtain such Shareholders' approval prior to such further disposal accordingly.

The Future Disposal is conditional upon the approval of Shareholders at the SGM and the completion of the Offer. The Directors will consider various factors, such as the financial circumstances of the Company, the market price of the Great Wall Sale Shares and the need of funding of the Group, in respect of the Future Disposal prior to the disposal of any Great Wall Sale Shares.

INFORMATION ON CHINACAST

ChinaCast is a company incorporated in Bermuda with limited liability and together with its subsidiaries are principally engaged in the provision of technology services in the satellite communication industry. The issued shares of ChinaCast are listed on the SGX-ST.

The following table shows the audited financial information of ChinaCast for the year ended 31 December 2004 in accordance with the audited consolidated financial statements of ChinaCast:

	RMB (approximately)	**HK$ equivalent (approximately)**
Turnover	RMB50,488,000	HK$49,017,000
Net profit before taxation and extraordinary items	RMB34,839,000	HK$33,824,000
Net profit after taxation and extraordinary items	RMB28,707,000	HK$27,871,000
Total assets (as at 31 December 2004)	RMB564,877,000	HK$548,424,000
Total liabilities (as at 31 December 2004)	RMB38,237,000	HK$37,123,000
Net asset value	RMB526,640,000	HK$511,301,000

The following table shows the audited financial information of ChinaCast for the year ended 31 December 2005 in accordance with the audited consolidated financial statements of ChinaCast:

	RMB (approximately)	HK$ equivalent (approximately)
Turnover	RMB73,498,000	HK$71,357,000
Net profit before taxation and extraordinary items	RMB54,345,000	HK$52,762,000
Net profit after taxation and extraordinary items	RMB44,451,000	HK$43,156,000
Total assets (as at 31 December 2005)	RMB660,515,000	HK$641,277,000
Total liabilities (as at 31 December 2005)	RMB72,954,000	HK$70,829,000
Net asset value	RMB587,561,000	HK$570,448,000

The shareholding structure of ChinaCast as at the Latest Practicable Date and immediately after Completion and immediately after completion of the Offer (assuming all of the shareholders of ChinaCast will accept the Offer) are as follows:

Name of shareholders of ChinaCast	At the Latest Practicable Date and immediately before Completion		Immediately after Completion		Immediately after completion of the Offer assuming all shareholders of ChinaCast will accept the Offer	
	ChinaCast Shares	*Approximate %*	*ChinaCast Shares*	*Approximate %*	*ChianCast Shares*	*Approximate %*
Super Dynamic Consultancy Limited	67,326,820	15.24%	67,326,820	15.24%	–	–
TVI	66,074,441	14.96%	33,037,221	7.48%	–	–
Intel Pacific Inc	45,656,669	10.33%	45,656,669	10.33%	–	–
Hughes Network System, LLC	62,966,736	14.25%	62,966,736	14.25%	–	–
Cyber Smart Trading Limited	22,438,121	5.08%	22,438,121	5.08%	–	–
Chan Tze Ngon	750,000	0.17%	33,787,220	7.65%	–	–
Great Wall and/or other shareholders	176,603,714	39.97%	176,603,714	39.97%	441,816,501	100%
Total	441,816,501	100.00%	441,816,501	100.00%	441,816,501	100.00%

INFORMATION ON GREAT WALL

Great Wall is principally engaged in effecting mergers, capital stock exchanges, asset acquisitions or other similar business combination with a company having its primary operation in the PRC. Although the prospective target business of Great Wall is not limited to a particular industry, Great Wall initially intend to focus its search on target businesses in the PRC that are engaged in the technology, media or telecommunications industries.

The following table shows the audited financial information of Great Wall for the year ended 31 December 2004 in accordance with the audited consolidated financial statements of Great Wall:

	US$ (approximately)	**HK$ equivalent (approximately)**
Turnover	–	–
Net loss before taxation and extraordinary items	US$141,000	HK$1,108,000
Net loss after taxation and extraordinary items	US$141,000	HK$1,108,000
Total assets (as at 31 December 2004)	US$24,057,000	HK$187,645,000
Total liabilities (as at 31 December 2004)	US$189,000	HK$1,474,000
Net asset value	US$23,868,000	HK$186,170,000

The following table shows the audited financial information of Great Wall for the year ended 31 December 2005 in accordance with the audited consolidated financial statements of Great Wall:

	US$ (approximately)	**HK$ equivalent (approximately)**
Turnover	–	–
Net loss before taxation and extraordinary items	US$370,000	HK$2,886,000
Net loss after taxation and extraordinary items	US$407,000	HK$3,175,000
Total assets (as at 31 December 2005)	US$24,298,000	HK$189,524,000
Total liabilities (as at 31 December 2005)	US$837,000	HK$6,529,000
Net asset value	US$23,461,000	HK$183,004,000

Assuming all shareholders of ChinaCast will elect for the Share Consideration and all of the 9,031,950 outstanding warrants of Great Wall will be exercised, TVI will hold 1,551,772 Great Wall Shares, representing approximately 4.40% of the issued capital of Great Wall as enlarged by the exercise of the outstanding warrants.

REASONS FOR THE DISPOSAL

The Group is principally engaged in the provision of systems integration, software development, engineering, maintenance and professional outsourcing services and software solutions.

According to the audited consolidated financial statements of the Group for the year 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.

Instead of waiting for completion of the Offer, the Directors consider that the Disposal provides a quicker way of realising its investment in ChinaCast. The Disposal represents a more certain and efficient way to realise part of the Group's investment in ChinaCast, in particular taking into account that the long stop date of the Offer has been extended to 31 December 2006. It is expected that the Group will record a gain of approximately HK$5.5 million upon Completion after deducting the related fees and expenses for the Disposal.

The gross proceeds from the Disposal will amount to S$9,250,000 (equivalent to approximately HK$45,279,000). The Directors intend to apply the net proceeds from the Disposal as to approximately HK$17,981,000 towards the general working capital of the Group for its daily operation of business and as to approximately HK$26,000,000 towards future investment(s), including but not limited to the proposed acquisition under the MOU. On 17 July 2006, TVI and an Independent Third Party signed the non-binding MOU in relation to the proposed acquisition of a mortgage broker company by TVI. Further terms and conditions of the proposed acquisition are still subject to further negotiation and cannot be ascertained as at the Latest Practicable Date. The Company will comply with all relevant rules of the Listing Rules should any formal agreement be entered into. Save for the proposed acquisition pursuant to the MOU, as at the Latest Practicable Date, no other investment has been identified.

As mentioned in above, approximately HK$17,981,000 of the net proceeds from the Disposal will be applied as general working capital of the Group. It is intended that most of that amount will be applied as to the general working capital of Topasia to facilitate its daily operation. Topasia is principally engaged in the sale and maintenance of ATM machines in the PRC. Given the relatively high cost for each ATM machine, the Directors consider that it is necessary to maintain sufficient funds as working capital in Topasia.

The mortgage broker company to be acquired by the Group, at this developing stage, mainly operates its business in Shanghai, the PRC. The main source of income of that company is from banks. As mentioned in above, the terms and conditions of the proposed acquisition are still subject to further negotiations and cannot be ascertained as at the Latest Practicable Date.

The company noted that the MOU is non-legally binding and further terms and conditions of the proposed acquisition under the MOU are still subject to further negotiations and cannot be ascertained as at the Latest Practicable Date. In the event that the proposed acquisition under the MOU does not materialize, the Company considers that the Disposal, which gives flexibility to the Group for funding acquisition(s) or investment as the Directors may identify and consider beneficial to the Group from time to time, is in the interest of the Company and the Shareholders as a whole

Based on the closing price of US$5.13 (equivalent to approximately HK$40.014) per Great Wall Share as quoted on the NASDAQ OTC Bulletin Board on 14 July 2006, being the last trading day immediately prior to the entering into the Sale and Purchase Agreement, the 0.046970408 Great Wall Share (equivalent to one ChinaCast Share under the Share Consideration) will be valued at approximately US$0.241 (equivalent to approximately

HK$1.879), which represents a premium of approximately 37.15% over the cash price of S$0.28 (equivalent to approximately HK$1.37) for each First Sale Share, and the approximately 1,551,772 Great Wall Shares (equivalent to 33,037,220 ChinaCast Shares under the Share Consideration) will be valued at approximately US$7,960,589 (equivalent to approximately HK$62,093,000), representing a difference of approximately HK$16,814,000. In addition, the Directors also noted that the closing stock price per Great Wall Share has fallen from US$5.30 as quoted on the NASDAQ OTC Bulletin Board on 13 September 2005, being the last trading date immediately before the announcement published by DBS Bank Ltd. for and on behalf of Great Wall in relation to the Offer, to US$5.13 as quoted on the NASDAQ OTC Bulletin Board on 14 July 2006.

REASONS FOR THE FUTURE DISPOSAL

The Directors are of the view that given the relative low percentage interests in Great Wall upon the completion of the Offer, the Group will not derive any material attributable profits from its investment in Great Wall. Accordingly, the Directors propose to dispose of the Great Wall Sale Shares upon their receipt.

The Future Disposal will provide the Group with more flexibility in dealing with the Great Wall Sale Shares. By obtaining prior approval from Shareholders at the SGM, depending on the market performance of Great Wall Shares on the NASDAQ OTC Bulletin Board, the Group will be in a position to timely dispose of the Great Wall Sale Shares should the Directors consider that the then prevailing price for the Future Disposal is in the interests of the Company and Shareholders as a whole. The Directors consider that the flexibility is of crucial importance in view of the rapid changing market conditions and fluctuations in stock prices.

Further announcements in respect of the Future Disposal will be made as and when appropriate.

The Directors intend to apply the proceeds from the Future Disposal towards the general working capital of the Group and/or any suitable investment(s).

FINANCIAL EFFECT OF THE DISPOSAL AND THE FUTURE DISPOSAL

Based on the aggregate consideration of approximately S$9,250,000 (equivalent to approximately HK$45,279,000) for the sale and purchase of the First Sale Shares and the book value of the First Sale Shares of approximately HK$38,454,000 as at 31 December 2005, it is estimated that upon Completion, the Group will record a gain of approximately HK$5,500,000 on Disposal for the year ending 31 December 2006 after deducting the estimated related fees and expenses for the Disposal of approximately HK$1.3 million and an increase in the net assets of the Group by approximately HK$5,500,000. The Directors (including the independent non-executive Directors) consider that instead of acceptance of the offer, it is fair and reasonable for the Group to dispose of the First Sale Shares for a cash consideration of S$9,250,000 (equivalent to approximately HK$45,279,000), which carry an audited book value of approximately HK38,454,000 as at 31 December 2005.

Since the consideration for the Future Disposal of the Great Wall Sale Shares is yet to be ascertained, as at the Latest Practicable Date, the Company cannot estimate the possible financial effect of the Future Disposal or to provide an accurate figure on the proceeds from the Future Disposal, although based on the closing price of US$5.13 (equivalent to approximately HK$40.014) per Great Wall Share as quoted on the NASDAQ OTC Bulletin Board on 14 July 2006, the Great Wall Sale Shares will be valued at approximately US$7,960,589 (equivalent to approximately HK$62,093,000), representing a premium of approximately HK$23,639,000 over the book value of HK$38,454,000 in respect of the remaining 33,037,221 ChinaCast Shares as at 31 December 2005, and the Board thus expects that a gain will be achieved upon the Future Disposal.

LISTING RULES IMPLICATION

Since the Purchaser is an executive Director and a substantial Shareholder of the Company, he is a connected person of the Company under the Listing Rule and the Disposal constitutes a very substantial disposal and connected transaction of the Company under Rules 14.06 and 14A.13(1)(a) of the Listing Rules.

The Disposal is subject to the approval by the Independent Shareholders at the SGM by way of a poll. The Purchaser and his associates will abstain from voting on the relevant resolution(s) at the SGM. As at the Latest Practicable Date, the Purchaser and his associates held 125,542,000 Shares, representing approximately 18.60% of the existing issued share capital of the Company. To the best knowledge, information and belief of the Directors, other than the Purchaser and his associates, no other Shareholders have a material interest in the Disposal and are thus required to abstain from voting at the SGM.

The Future Disposal will constitute a very substantial disposal of the Company under the Listing Rules and prior approval will be sought from the Shareholders. To the best knowledge, information and belief of the Directors, as at the Latest Practicable Date, no Shareholder had a material interest in the Future Disposal and is required to abstain from voting at the SGM.

The Directors (including the independent non-executive Directors) are of the view that the Disposal and the Future Disposal are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The Independent Board Committee comprising Mr. Benedict Tai, Mr. Fu Yan Yan and Ms. Wang Xi Ling, all being independent non-executive Directors, has been established to advise the Independent Shareholders as to the fairness and reasonableness of the Disposal and whether the Disposal are in the interests of the Company and Shareholders as a whole. Taifook Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

SGM

A notice convening the SGM to be held at Room 3101, 118 Connaught Road West, Hong Kong on 18 September 2006 at 11:00 a.m. is set out on pages 147 to 148 in 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 registrar in Hong Kong, Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

PROCEDURES FOR DEMANDING A POLL AT GENERAL MEETING

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

(i) the chairman of such meeting; or

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

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

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

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

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

Notwithstanding the above, the resolution approving the Disposal will be voted by way of a poll at the SGM.

RECOMMENDATION

The Board considers that the Disposal and the Future Disposal are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the ordinary resolution as set out in the notice of the SGM to approve the Disposal and the Shareholders to vote in favour of the ordinary resolution as set out in the notice of the SGM to approve the Future Disposal.

Your attention is also drawn to the letter from the Independent Board Committee set out on page 21 of this circular. The Independent Board Committee, having taken into account of the advice of Taifook Capital Limited, the text of which is set out on pages 22 to 40 of this circular, considers that the terms of the Disposal are fair and reasonable so far as the Company and the Independent Shareholders are concerned. Accordingly, the Independent Board Committee recommends that the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Sale and Purchase Agreement, the Disposal and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

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

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

VENTURE INTERNATIONAL INVESTMENT HOLDINGS LIMITED

(宏昌國際投資控股有限公司)*

(incorporated in Bermuda with limited liability)

(Stock Code: 61)

31 August 2006

To the Independent Shareholders

Dear Sir or Madam,

VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION: DISPOSAL OF EQUITY INTERESTS IN CHINACAST

We refer to the letter from the Board set out in the circular (the "**Circular**") dated 31 August 2006, of which this letter forms part. Capitalised terms defined in the Circular shall have the same meaning when used herein unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to consider the Disposal and the transactions contemplated thereunder and to advise the Independent Shareholders as to the fairness and reasonableness of the Disposal and to recommend how the Independent Shareholders should vote at the SGM. Taifook Capital Limited has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

We wish to draw your attention to the letter from the Board, as set out on pages 5 to 20 of the Circular, and the letter from Taifook Capital Limited to the Independent Board Committee and the Independent Shareholders which contains its advice to us in respect of the Disposal, as set out on pages 22 to 40 of this Circular.

Having taken into account the advice of Taifook Capital Limited, we consider that the Disposal is in the interests of the Company and the Independent Shareholders as a whole and that the terms of the Sale and Purchase Agreement are fair and reasonable in so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of the Independent Board Committee

Mr Benedict Tai	**Mr Fu Yan Yan**	**Ms Wang Xi Ling**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

The following is the text of the letter of advice to the Independent Board Committee and the Independent Shareholders dated 31 August 2006 from Taifook Capital Limited in relation to the Disposal for the purpose of incorporation in this circular.

taifook
TAIFOOK CAPITAL LIMITED

25th Floor
New World Tower
16-18 Queen's Road Central
Hong Kong

31 August 2006

To the Independent Board Committee and the Independent Shareholders
Venture International Investment Holdings Limited
Room 3101, 31st Floor
118 Connaught Road West
Hong Kong

Dear Sirs,

VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION: DISPOSAL OF EQUITY INTERESTS IN CHINACAST

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the disposal of approximately 7.48% equity interest in ChinaCast held by the Group to the Purchaser, details of which are contained in the circular of the Company dated 31 August 2006 (the "Circular") to the Shareholders of which this letter forms part. Terms used in this letter shall have the same respective meanings as defined in the Circular unless the context otherwise requires.

On 17 July 2006, TVI, a wholly owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Purchaser pursuant to which TVI conditionally agreed to sell and the Purchaser conditionally agreed to purchase 33,037,220 ChinaCast Shares, representing approximately 7.48% of the total issued share capital of ChinaCast. The consideration for the Disposal amounts to approximately S$9,250,000 (equivalent to approximately HK$45.3 million).

The Purchaser is an executive director and a substantial shareholder of the Company, interested in approximately 18.6% of the issued share capital of the Company as at the Latest Practicable Date. As set out in the "Letter from the Board" of the Circular, the Disposal constitutes a very substantial disposal and connected transaction of the Company under Rules 14.06 and 14A.13(1)(a) of the Listing Rules and is subject to the reporting, announcement and the Independent Shareholders' approval requirements. The Purchaser and his associates will abstain from voting at the SGM in respect of the resolution for approving the Disposal.

The Independent Board Committee comprising Mr. Benedict Tai, Mr. Fu Yan Yan and Ms. Wang Xi Ling, all being independent non-executive Directors, has been established to advise the Independent Shareholders as to the fairness and reasonableness of the Disposal and whether the Disposal is in the interests of the Company and the Independent Shareholders as a whole. As the independent financial adviser to the Independent Board Committee and the Independent Shareholders, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders as to whether the terms of the Disposal contemplated under the Sale and Purchase Agreement are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Independent Shareholders as a whole. We are independent of the Company and its associates.

In formulating our opinion, we have relied on the information and facts supplied to us and representations expressed by the management and directors of the Company and have assumed that all such information and facts and any representations made to us or contained in the Circular were true, accurate and complete at the time they were made and continue to be so at the date hereof and during the period up to the date of the SGM. We have also assumed that all information, representations and opinions contained or referred to in the Circular are fair and reasonable and have relied on them. We have been advised by the management and directors of the Company that all relevant information has been supplied to us and that no material facts have been omitted from the information supplied and representations expressed to us. We have no reason to doubt the completeness, truth or accuracy of the information and facts provided and representations made to us, and we are not aware of any facts or circumstances which would render the information provided and the representations made to us untrue, inaccurate or misleading.

We consider we have reviewed sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted an independent verification of the information nor have we conducted any form of in-depth investigation into the businesses and affairs of the Company or any of its subsidiaries and associates.

BACKGROUND INFORMATION

1. Background of the Offer

The Company, through its wholly owned subsidiary TVI, is interested in 66,074,441 ChinaCast Shares, representing approximately 14.96% of the issued share capital of ChinaCast. On 23 September 2005, the Company announced that Great Wall intended to make the Offer for all the ChinaCast Shares in accordance with Rule 15 of The Singapore Code of Take-overs and Mergers, and that TVI entered into the Existing Letter of Undertaking in respect of the Sale Shares. Further details of the Offer and the Existing Letter of Undertaking are set out in the circular of the Company dated 30 November 2005 (the "2005 Circular").

In accordance with the Existing Letter of Undertaking, TVI had agreed to accept the Offer in respect of the 66,074,441 ChinaCast Shares held by it and to elect to receive the Share Consideration in connection thereto, which precluded TVI from choosing cash consideration, being the other alternative under the Offer. On the basis of 0.046970408 Great Wall Share in exchange for one ChinaCast Share under the Share Consideration, TVI would receive approximately 3,103,543 Great Wall Shares in exchange for the 66,074,441 ChinaCast Shares it holds. The proposed disposal of the Sale Shares by TVI to Great Wall pursuant to the Existing Letter of Undertaking constituted a very substantial disposal on the part of the Company and was subject to the approval of the Shareholders, which approval was obtained at a special general meeting of the Company on 16 December 2005.

2. The New Letter of Undertaking

On 22 March 2006, the Company announced that Great Wall had extended the long stop date of the Offer ("Long Stop Date") from 25 March 2006 to 31 December 2006, since additional time was required by Great Wall to satisfy the pre-conditions of the Offer. The extension of the Long Stop Date was approved by the stockholders of Great Wall on 21 March 2006. Great Wall has also obtained the ruling from the Securities Industry Council (the regulatory body on The Singapore Code of Take-overs and Mergers in Singapore) in respect of the extension of time.

In connection with the extension of the Long Stop Date and the term of the Existing Letter of Undertaking, which would expire on 13 July 2006 unless being renewed, TVI signed the New Letter of Undertaking on 13 July 2006 to restate and substitute the Existing Letter of Undertaking in favour of Great Wall in relation to the Offer. The New Letter of Undertaking will expire in ten months after the date of the New Letter of Undertaking.

The terms of the New Letter of Undertaking essentially replicate the terms of the Existing Letter of Undertaking including, among others, the agreement of TVI to accept the Offer in respect of the Sale Shares and to elect to receive the Share Consideration in connection thereto. In addition, the Purchaser is added as a party to the New Letter of Undertaking as the Approved Transferee. As the Approved Transferee, the Purchaser has agreed that, *inter alia*, in the event of all or any of the 66,074,441 Sale Shares are transferred by TVI to the Purchaser, such transferred Sale Shares the Purchaser acquires are subject to the provisions of the New Letter of Undertaking.

Having considered, among others, the additional time required for the Group to realize its investment in ChinaCast due to the extended Long Stop Date, TVI decided to explore opportunities to realize part of its equity interest in ChinaCast. On 17 July 2006, TVI entered into the Sale and Purchase Agreement with the Purchaser in respect of 33,037,220 ChinaCast Shares (i.e. the First Sale Shares), representing approximately 50% of the Sale Shares and approximately 7.48% of the issued share capital of ChinaCast, for a consideration of approximately S$9,250,000 in cash. Upon completion of the Disposal, TVI will continue to hold the remaining approximately 50% of the Sale Shares or 33,037,221 ChinaCast Shares, for which TVI has agreed to accept the Offer and elect to receive the Share Consideration under the New Letter of Undertaking, which will in turn be exchanged into 1,551,772 Great Wall Shares upon completion of the Offer. Subject to the market prices of the Great Wall Shares as traded on the NASDAQ OTC Bulletin Board in the future, the Directors propose to dispose of these Great Wall Sale Shares in the open market of the NASDAQ OTC Bulletin Board if they consider that the Future Disposal is in the interests of the Company and the Shareholders as a whole.

3. Shareholding structure of Great Wall upon completion of the Offer

In the absence of the Disposal, the shareholding structure of Great Wall immediately after completion of the Offer would be as follows (assuming full acceptance of the Share Consideration by all ChinaCast shareholders) based on the latest publicly available information of Great Wall on the website http://www.sec.gov and the information regarding the shareholding structure of ChinaCast as set out in the "Letter from the Board" of the Circular:

Name of shareholder	As at the Latest Practicable Date		Immediately after completion of the Offer assuming full acceptance of Share Consideration by all ChinaCast shareholders		Immediately after completion of the Offer assuming full acceptance of Share Consideration by all ChinaCast shareholders and full exercise of all outstanding warrants of Great Wall *(Note 1)*	
	Great Wall Shares	*Approximate percentage*	*Great Wall Shares*	*Approximate percentage*	*Great Wall Shares*	*Approximate percentage*
Kin Shing Li	430,000	7.80%	430,000	1.64%	430,000	1.22%
Justin Tang	430,000	7.80%	430,000	1.64%	430,000	1.22%
North Pole Capital Master Fund, *et al.*	424,700	7.70%	424,700	1.62%	424,700	1.20%
Jack Silver	300,000	5.44%	300,000	1.14%	300,000	0.85%
Sapling, LLC	299,000	5.42%	299,000	1.14%	299,000	0.85%
Amaranth LLC *et al.*	501,535	9.09%	501,535	1.91%	501,535	1.42%
All directors and executive officers as a group (1 individual)	430,000	7.80%	430,000	1.64%	430,000	1.22%
Super Dynamic Consultancy Ltd	–	–	3,162,368	12.04%	3,162,368	8.96%
TVI	–	–	3,103,543	11.81%	3,103,543	8.79%
Hughes Network System, LLC	–	–	2,957,573	11.26%	2,957,573	8.38%
Intel Pacific Inc	–	–	2,144,512	8.16%	2,144,512	6.08%
Cyber Smart Trading Ltd	–	–	1,053,928	4.01%	1,053,928	2.99%
Other shareholders *(Note 2)*	2,700,740	48.96%	11,031,117	41.99%	20,063,067	56.84%
Total	5,515,975	100.00%	26,268,276	100.00%	35,300,226	100.00%

Notes:

1. As at the Latest Practicable Date, there were 9,031,950 outstanding warrants of Great Wall exercisable at any time commencing on the completion of the Offer and expiring on 16 March 2009 at 5:00 p.m., New York City time. In the lack of information of the identity of the warrantholders of Great Wall, it has been assumed that all the outstanding warrants of Great Wall were held by other shareholders as at the Latest Practicable Date.

2. As at the Latest Practicable Date, each such other shareholders individually held less than 5% of the issued share capital of Great Wall.

As shown above, upon completion of the Offer and in the absence of the Disposal, the Group would become the second largest shareholder of Great Wall, interested in approximately 8.79% to 11.81% of the enlarged issued share capital of Great Wall, assuming full acceptance of the Offer and full election of the Share Consideration by all ChinaCast shareholders.

If the Disposal is approved and has been completed, upon completion of the Offer, the Group would be interested in 1,551,772 Great Wall Shares, representing approximately 4.40% to 5.91% of the enlarged issued share capital of Great Wall, assuming full acceptance of the Offer and full election of the Share Consideration by all ChinaCast shareholders.

As at the Latest Practicable Date, the Purchaser was interested in 750,000 ChinaCast Shares. In the absence of the Disposal, the Purchaser will hold approximately 35,227 Great Wall Shares or approximately 0.10% to 0.13% of the enlarged issued share capital of Great Wall upon completion of the Offer, assuming full acceptance of the Offer and full election of the Share Consideration by all ChinaCast shareholders. If the Disposal is approved and has been completed, the Purchaser will in aggregate hold approximately 1,586,999 Great Wall Shares or approximately 4.50% to 6.04% of the enlarged issued share capital of Great Wall, assuming full acceptance of the Offer and full election of the Share Consideration by all ChinaCast shareholders.

PRINCIPAL FACTORS AND REASONS CONSIDERED

As the independent financial adviser to the Independent Board Committee, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders as to whether the terms of the Disposal contemplated under the Sale and Purchase Agreement are fair and reasonable and the Disposal is in the interests of the Company and the Independent Shareholders as a whole.

In arriving at our opinion in respect of the Disposal, we have considered the following principal factors and reasons:

1. Reasons for and benefits of the Disposal

Intention of the Group regarding its investment in ChinaCast

The Group invested in ChinaCast for the purpose of capital appreciation and expected dividend payments. The Group first invested in ChinaCast in 1999 and then increased its investment in ChinaCast in 2000 and 2003. As at the Latest Practicable Date, the Group was interested in 66,074,441 ChinaCast Shares, representing approximately 14.96% of the issued share capital of ChinaCast. The total acquisition cost of such ChinaCast Shares to the Group amounted to approximately HK$66.7 million.

However, given the size of the Group's shareholdings in ChinaCast and the thin liquidity of the ChinaCast Shares on the SGX-ST (details of which are elaborated in the paragraph headed "Market performance of ChinaCast Shares" of this letter), the Group has yet to recoup the investment. We also noted from the published annual reports of ChinaCast for the two years ended 31 December 2005 that, since its listing on the SGX-ST in May 2004, ChinaCast did not pay or declare any interim or final dividend during the periods, despite the growth in net profits for the two years ended 31 December 2005.

As advised by the Directors, in view of the above, the Group has been looking for opportunities to realize its investment in ChinaCast. With this in mind, when Great Wall announced the Offer to ChinaCast in September 2005, the Group decided to accept the Offer, which essentially enables the business of the ChinaCast group to list on NASDAQ, and further entered into the Existing Letter of Undertaking, pursuant to which the Group agreed, among others, to accept the Offer and elect to receive the Share Consideration, and not to transfer or dispose of all or any of the Sale Shares except as permitted by the terms of the Existing Letter of Undertaking. Since Great Wall has entered into similar letters of undertaking with other ChinaCast shareholders who, together with the Group, held in aggregate approximately 50.5% of the issued share capital of ChinaCast, the completion of the Offer was subject only to the satisfaction of the pre-conditions of the Offer, being (i) all necessary resolutions having been passed by Great Wall shareholders; and (ii) ChinaCast providing Great Wall with audited consolidated financial statements of ChinaCast prepared in accordance with U.S. generally accepted accounting principles and Regulation S-X promulgated under the Securities Exchange Act of 1934, as amended. The Directors expected that listing the business of the ChinaCast group on NASDAQ would allow the Group to enjoy higher price appreciation potential and trading liquidity, in particular to technology companies like ChinaCast, since NASDAQ is considered a more sophisticated market with better market breath and depth.

Against such backdrop, we consider that the Disposal is in line with the Group's strategy regarding its investment in ChinaCast.

An opportunity to realise part of investment in ChinaCast

With the entering into of the Existing Letter of Undertaking, which was renewed by the New Letter of Undertaking, TVI is contractually obligated to wait until completion of the Offer to receive the Great Wall Shares under the Share Consideration. TVI would then have to dispose of such exchanged Great Wall Shares on the market in order to realise its investment in ChinaCast, unless it is able to sell part or all of the Sale Shares to the Approved Transferee or otherwise permitted transferee(s) in accordance with the New Letter of Undertaking. The Purchaser, as the Approved Transferee, agreed to accept the Share Consideration under the Offer in respect of the Sale Shares it acquires from TVI pursuant to the New Letter of Undertaking.

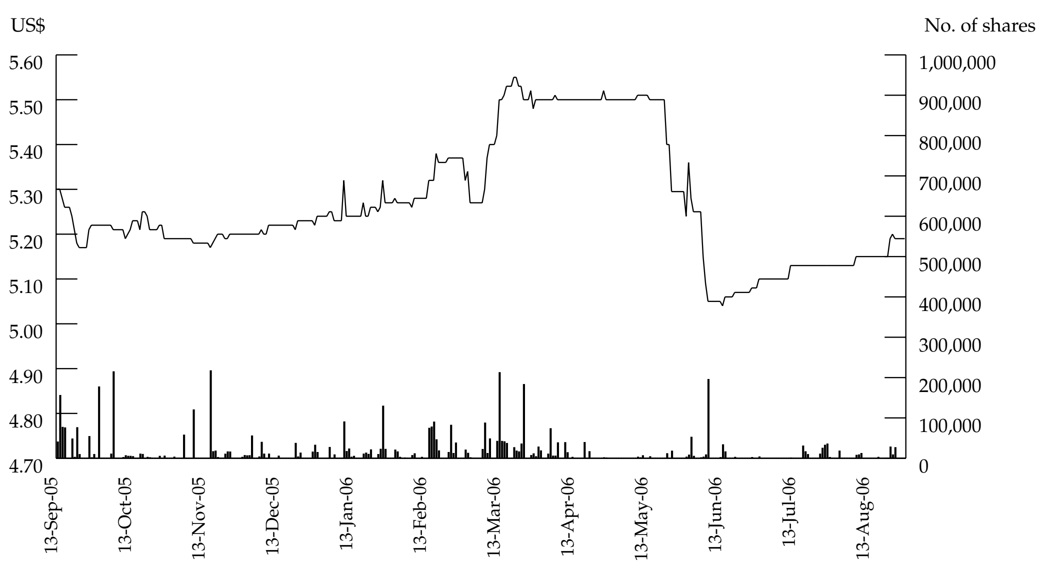
The Disposal therefore enables the Group to quickly recoup part of its investment in ChinaCast without breaching its obligations under the New Letter of Undertaking.

A certain way to realise part of investment in ChinaCast

As explained previously, the Group will have to dispose of the exchanged Great Wall Shares in order to realize its investment in ChinaCast. If the Disposal is approved and has been completed, upon completion of the Offer, the Group would be interested in 1,551,772 Great Wall Shares, representing approximately 4.40% to 5.91% of the enlarged issued share capital of Great Wall, assuming full acceptance of the Offer and full election of the Share Consideration by all ChinaCast shareholders.

Under the Disposal, the consideration would equal to approximately S$9,250,000 (equivalent to approximately HK$45.3 million) based on S$0.28 per ChinaCast Share, total consideration of which shall be payable by the Purchaser to TVI in a lump sum in cash upon Completion. We noted from the "Letter from the Board" of the Circular that based on the closing price of US$5.13 (equivalent to approximately HK$40.014) per Great Wall Share as quoted on the NASDAQ OTC Bulletin Board on 14 July 2006, being the last trading day immediately prior to the entering into the Sale and Purchase Agreement, the 0.046970408 Great Wall Share (equivalent to one ChinaCast Share under the Share Consideration) will be valued at approximately US$0.241 (equivalent to approximately HK$1.879), which represents a premium of approximately 37.15% over the Disposal Price of S$0.28 (equivalent to approximately HK$1.37) per ChinaCast Share, and the approximately 1,551,772 Great Wall Shares (equivalent to 33,037,220 ChinaCast Shares under the Share Consideration) will be valued at approximately US$7,960,589 (equivalent to approximately HK$62.1 million), representing a difference of approximately HK$16.8 million as compared to the aggregate Disposal Price. Based on the above closing price of US$5.13 (equivalent to approximately HK$40.014) per Great Wall Share as quoted on 14 July 2006, the market value of the approximately 1,551,772 Great Wall Shares will be higher than the aggregate Disposal Price. Albeit the above, there is uncertainty as to the price level at which TVI is able to dispose of the exchanged Great Wall Shares in the open market of the NASDAQ OTC Bulletin Board for the reasons mentioned below.

We have reviewed the trading of Great Wall Shares on the NASDAQ OTC Bulletin Board during the period commencing from 13 September 2005, being the trading day immediately prior to the announcement dated 14 September 2005 (the "Initial Announcement Date") published by DBS Bank Ltd for and on behalf of Great Wall in relation to the Offer, up to and including the Latest Practicable Date (the "Record Period"):



Source: Bloomberg

As shown above, Great Wall Shares were traded between the range of US$5.04 to US$5.55 during the Record Period, and the daily trading volume ranged from nil to 216,500 shares, representing nil to approximately 3.9% of the issued share capital of Great Wall. We also noted that, for over 95% of the total trading days during the Record Period, Great Wall Shares were traded below 110,320 shares, or approximately 2% of the issued share capital of Great Wall. As such, we consider that the trading volume of Great Wall Shares was rather thin during the Record Period.

We further noted that during the 10 trading days and 30 trading days up to and including 13 September 2005, being the trading day immediately prior to the Initial Announcement Date, the average daily trading volume of Great Wall Shares was approximately 8,000 shares and 5,000 shares respectively, representing approximately 0.1% and 0.1% of the issued share capital of Great Wall respectively. During the 10 trading days and 30 trading days commencing on, and including, 14 September 2005, the average daily trading volume of Great Wall Shares was approximately 50,000 shares and 32,000 shares respectively, representing approximately 0.9% and 0.6% of the issued share capital of Great Wall respectively. Based on the aforesaid, there was no significant change in the trading volume of Great Wall, as a percentage to the issued share capital of Great Wall, before and after the Initial Announcement Date.

Moreover, there may be a significant increase in the issued share capital of Great Wall upon completion of the Offer. As at the Latest Practicable Date, Great Wall had a total of 5,515,975 issued shares. We noted from the 2005 Circular that, assuming full acceptance of the Offer and assuming all existing ChinaCast shareholders elect the Share Consideration, an aggregate of approximately 20,752,301 new Great Wall Shares will be issued, representing approximately 376% of the existing issued share capital or approximately 79% of the enlarged issued share capital of Great Wall. In addition, there are 9,031,950 outstanding warrants of Great Wall in existence, which are exercisable during the period from the completion of the Offer to 16 May 2009 for which 9,031,950 new Great Wall Shares will be issued upon full exercise of these warrants. As a result, there may be a substantial number of additional Great Wall Shares eligible for sale in the open market upon completion of the Offer, the sale of which could be reasonably expected to exert pressure on the market prices of Great Wall.

Based on the aforesaid, we consider that there is significant uncertainty as to the amount of proceeds TVI can recoup when disposing of the Great Wall Shares it holds in the market after completion of the Offer, whereas the Disposal represents a certain way for the Group to realize part of its investment in ChinaCast.

Intended use of proceeds of the Disposal

As stated in the "Letter from the Board" of the Circular, the net proceeds from the Disposal of approximately HK$44 million will be applied as to approximately HK$18 million towards the general working capital of the Group for its daily operation of business, of which the majority will be applied as to the general working capital of Topasia Computer Limited (a wholly owned subsidiary of the Group principally engaged in the sale and maintenance of ATM machines in the PRC), and as to approximately HK$26 million towards future investment(s), including but not limited to the proposed acquisition under the MOU, which relates to the proposed acquisition of a mortgage broker company from an Independent Third Party. In this regard, we have reviewed the information published by the Group to establish whether the intended use of the Disposal is in line with the Group's strategy.

We noted from the annual report of the Company for the year ended 31 December 2005 that the Group aimed to becoming an integrated investment group with three business streams, namely

(i) the ATM maintenance service;

(ii) the provision of computer technology services primarily to property agency business in Shanghai; and

(iii) real estate consulting services in the PRC.

While business stream (i), the ATM maintenance service, has remained a core operation of the Group, we noted that the Group has made strategic decision to diversify into business streams (ii) and (iii) since mid 2005 to capitalize on the opportunities in the PRC property market. In line with such strategic decision, the Group acquired Acacia Asia Partners Limited in August 2005, which is primarily a provider of IT management, online and support service as well as internet portal and data management services to property agencies in the PRC, with initial focus in Shanghai. Subsequently in February 2006, the Group further acquired Grand Panorama Limited ("Grand Panorama"), which is primarily engaged in the provision of property consulting agency services in the PRC.

The proposed acquisition under the MOU relates to the acquisition of a mortgage broker company (the "Target Company") in the PRC. We understand that the principal business of the Target Company is to help home buyers secure mortgages from banks, and to help banks expand its basis of mortgage clients and the Target Company, at this developing stage, mainly operates its business in Shanghai. As such, we consider that the proposed use of the proceeds towards the acquisition is in tandem with the Group's laid-down strategic direction.

As to the payment schedule, we noted that, pursuant to the MOU, the Group shall pay HK$1.2 million upon signing of the MOU and the balance of HK$23.8 million shall be payable by the Group upon completion of the acquisition, which the Directors expect may take place around November 2006. In this regard, we have reviewed the audited consolidated balance sheet of the Company as at 31 March 2006 as set out in Appendix II to the Circular. We noted that, as at 31 March 2006, the Group had cash and bank balances of approximately HK$3.3 million and time deposits of approximately HK$32.2 million. Accordingly, in the absence of the Disposal, should completion of the acquisition take place, the Group would have to use up a substantial amount of its cash reserves for the acquisition of the Target Company, which may impair the working capital position of the Group.

We also noted from the "Letter from the Board" of the Circular that the MOU is non-legally binding and further terms and conditions of the proposed acquisition under the MOU are still subject to further negotiation and cannot be ascertained as at the Latest Practicable Date. In the event that the proposed acquisition under the MOU does not materialize, we consider that the Disposal, which gives flexibility to the Group for funding acquisition(s) or investment as the Directors may identify and consider beneficial to the Group from time to time, is in the interests of the Company and the Independent Shareholders as a whole.

Expected timetable for disposal of Great Wall Shares

Having considered the above intended use of proceeds, we consider it appropriate to assess the merits of the Disposal in light of its timeliness. As previously explained, the Group would have to wait until completion of the Offer to receive the exchanged Great Wall Shares. It then has to dispose of such exchanged Great Wall Shares on the market in order to generate cash inflow.

As stated in the "Letter from the Board" of the Circular, the Long Stop Date has been extended to 31 December 2006, and we understand from the Directors that they do not expect that the Offer is likely to be completed significantly before the Long Stop Date (as extended), based on the timetable in respect of the Offer prepared by the U.S. financial adviser to Great Wall. Moreover, given the size of the Great Wall Shares the Group will be interested in and the relatively thin trading volume of Great Wall Shares in the past, it is expected that additional time will be required before the Group can dispose of its entire shareholding in Great Wall on the market without exerting significant adverse impact on the market prices of Great Wall.

To the contrary, as stated in the "Letter from the Board" of the Circular, the Disposal enables the Group to generate a cash inflow of approximately S$9,250,000 (equivalent to approximately HK$45.3 million), being the total consideration for the Disposal, in a lump sum upon Completion, which is expected to take place by early October 2006.

Having considered the above, we are of the view that the Disposal is beneficial to the Group and the Independent Shareholders as a whole, since it allows the Group to recoup part of its investment in ChinaCast, proceeds of which can be immediately applied to an acquisition that is in line with the Group's laid-down strategy, while the balance can be applied as general working capital to enhance the financial strength of the Group.

Prospect of Great Wall

Great Wall is a blank check company formed to identify and acquire a business having operations based in the PRC. Since March 2004, when Great Wall consummated its IPO, up to the Latest Practicable Date, Great Wall's principal activities have been limited to organizational activities and the evaluation of possible business combinations. Set out below is a summary of the audited financial information of Great Wall based on its audited financial statements for the two years ended 31 December 2005:

	For the year ended/ as at 31 December	
	2004	**2005**
	US$'000	*US$'000*
Turnover	–	–
Net profit/(loss)	(141)	(407)
Stockholders' equity	19,239	18,832

Upon completion of the Offer, ChinaCast and its subsidiaries will become subsidiaries of Great Wall, and the principal business of the ChinaCast group will become the principal business of the Great Wall group. As such, we consider it appropriate to assess the prospect of Great Wall based on that of the ChinaCast group.

We set out below a summary of the financial highlights extracted from the annual report of ChinaCast for the year ended 31 December 2005 (the "Annual Report"):

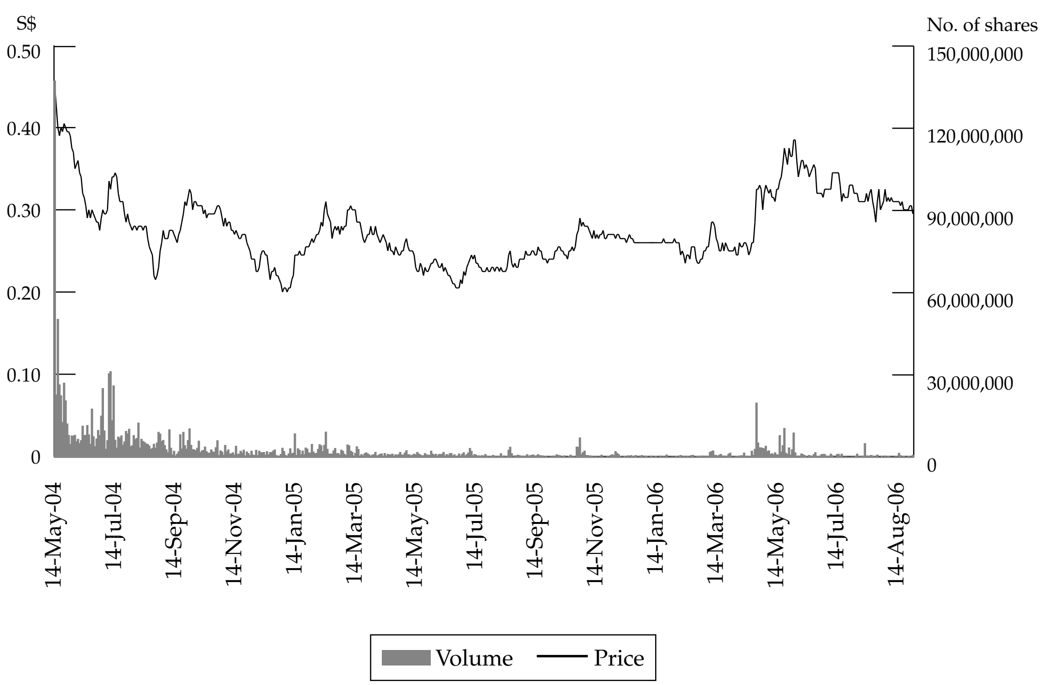
	For the year ended 31 December		
	2003	**2004**	**2005**
	RMB'000	*RMB'000*	*RMB'000*
Combined revenue	123,185	140,957	178,990
Net profit attributable to equity holders	31,473	40,956	43,787

As illustrated above, the ChinaCast group has recorded continuing growth in both the combined revenue and the net profit attributable to equity holders, representing a compound annual growth of approximately 21% with respect to the combined revenue and approximately 18% with respect to the net profit attributable to equity holders, for the three years ended 31 December 2005.

Notwithstanding the growth in the performance of ChinaCast, there is no assurance that such growth is sustainable in the future and can be translated into desirable growth in the market prices of Great Wall upon completion of the Offer. According to the consolidated proforma financial statements as set out in the prospectus of ChinaCast dated 30 April 2004, the ChinaCast group recorded loss for the financial years 2000 and 2001. The ChinaCast group only began to record profits since 2002. In addition, the ChinaCast group is principally engaged in the provision of technology services in the satellite communication industry. As disclosed in the prospectus of ChinaCast, the satellite industry is characterized by rapid technological changes. As such, the ChinaCast group may have to upgrade its existing technology constantly in view of the changes of the relevant technologies. Its failure to respond successfully to those technological developments or to respond in a timely or cost-effective manner may adversely affect its operating results and financial position in the future.

While we consider it difficult to speculate on the share price performance or trading volume of Great Wall after completion of the Offer, we have reviewed the share performance of ChinaCast since its listing in May 2004 up to and including the Latest Practicable Date, and seek to establish if there is significant correlation between the business performance of the ChinaCast group and the share performance of ChinaCast.

Performance of ChinaCast Shares



Source: Bloomberg

Despite the compound annual growth of approximately 21% in the combined revenue and approximately 18% in the net profit attributable to equity holders of the ChinaCast group for the three years ended 31 December 2005, as shown above, such performance did not translate into share performance of the ChinaCast Shares. The market prices of ChinaCast fluctuated during the period, and as at the Latest Practicable Date, ChinaCast was traded at a discount of approximately 34% to the closing price of S$0.45 per share as at 14 May 2004, being the date ChinaCast was listed on the SGX-ST. Furthermore, ChinaCast has seen its trading volume shrinking as compared to the time of initial listing of ChinaCast. The average daily trading volume in 2004 was approximately 6.5 million shares, as compared with approximately 0.9 million shares in 2005 and approximately 0.9 million shares in 2006 (up to and including the Latest Practicable Date).

Under the Disposal, the Group only disposed half of its shareholding in ChinaCast. The Group will continue to hold approximately 7.48% of the issued share capital of ChinaCast after the Disposal, which will be exchanged into approximately 4.40% to 5.91% of the enlarged issued share capital of Great Wall upon completion of the Offer, assuming full acceptance of the Offer and full election of the Share Consideration by all ChinaCast shareholders. The Directors consider that the Disposal enables the Group to participate in the potential price appreciation of Great Wall Shares, should they perform well on NASDAQ.

Conclusion

Having considered that:

(i) it is the Group's intention to realise its investment in ChinaCast when opportunities arise;

(ii) the Disposal represents an opportunity for the Group to realize part of its investment in ChinaCast;

(iii) the Disposal represents a certain way for the Group to realise part of its investment in ChinaCast;

(iv) the proceeds from the Disposal may be applied to effect an acquisition that demands cash outflow in short term but which is in line with the Group's laid down strategy, at the same time of enhancing the Group's financial strength;

(v) the Disposal represents an efficient way for the Group to serve the above-identified strategic purposes; and

(vi) the uncertainty in respect of the future prospect of Great Wall,

we are of the view that the Disposal is beneficial to and in the interests of the Company and the Independent Shareholders as a whole.

2. Basis of consideration

Consideration of the Disposal

Based on S$0.28 per First Sale Share (the "Disposal Price"), the Consideration of the Disposal totaled approximately S$9,250,000 (equivalent to approximately HK$45.3 million) shall be payable by the Purchaser to TVI in cashier orders issued by a licensed bank in Hong Kong and made payable in favour of TVI at Completion. As stated in the "Letter from the Board" of the Circular, the Disposal Price was arrived at after arm's length negotiations between TVI and the Purchaser with reference to the cash consideration of S$0.28 for each ChinaCast Share under the Offer.

The Disposal Price represents:

(i) a discount of approximately 6.67% to the closing price of S$0.30 per ChinaCast Share as quoted on the SGX-ST on 14 July 2006, being the last trading day immediately prior to the entering into of the Sale and Purchase Agreement;

(ii) a premium of approximately 9.80% over the closing price of S$0.255 per ChinaCast Share as quoted on the SGX-ST on 13 September 2005, being the last trading day prior to the announcement published by DBS Bank Ltd. for and on behalf of Great Wall dated 14 September 2005 in relation to the Offer; and

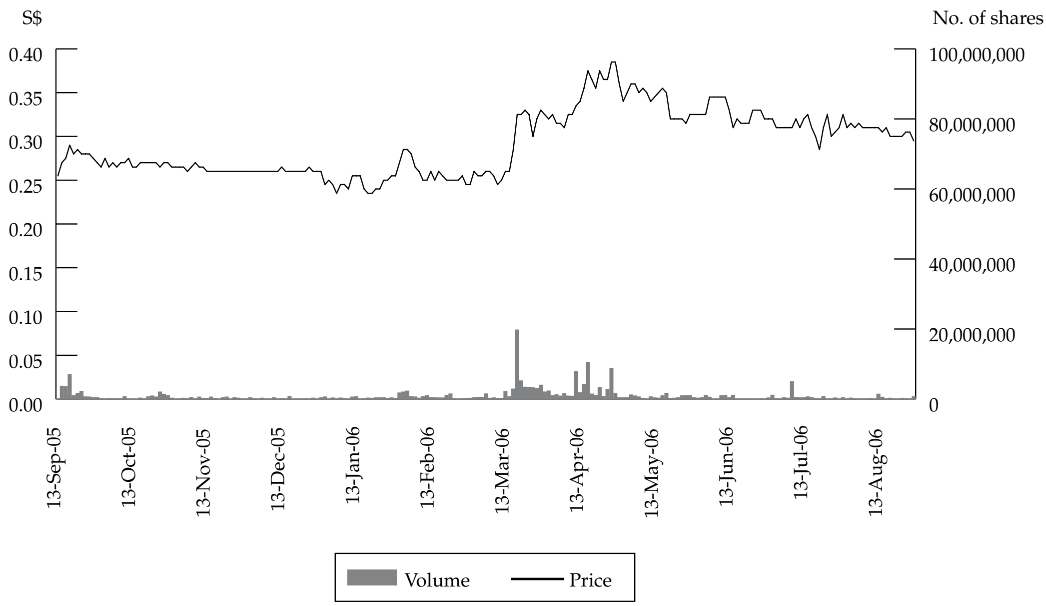
(iii) a premium of approximately 6.20% over the audited consolidated net asset value of approximately RMB1.33 (equivalent to approximately HK$1.29) per ChinaCast Share as at 31 December 2005 as shown in ChinaCast's audited consolidated financial statements made up to 31 December 2005.

The Directors consider that the Disposal Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Market performance of ChinaCast Shares

Since the Existing Letter of Undertaking essentially prevents the Group from selling ChinaCast Shares, we consider that the market prices of ChinaCast on the SGX-ST may not be materially relevant for the purpose of ascertaining whether the Disposal Price is fair and reasonable. However, we consider that the trading parameters are indicative of the general market interest in ChinaCast.

We set out below the daily closing price and trading volume of the ChinaCast Shares on the SGX-ST during the Record Period:



Source: Bloomberg

As shown above, ChinaCast Shares were traded between the range of S$0.235 to S$0.385 during the Record Period, and the daily trading volume ranged from nil to 19,678,000 ChinaCast Shares, representing nil to approximately 4.5% of the issued share capital of ChinaCast. We also noted that, for over 99% of the total trading days during the Record Period, ChinaCast Shares were traded below 8,836,330 shares, or approximately 2% of the issued share capital of ChinaCast.

Given such thin liquidity, coupled with the fact that the Group is interested in approximately 14.96% (in the absence of the Disposal) or approximately 7.48% (assuming the Disposal is approved and has been completed) of the issued share capital of ChinaCast, we are of the opinion that the discount of approximately 6.67% to the closing price of S$0.30 per ChinaCast Share as quoted on the SGX-ST on 14 July 2006, being the last trading day immediately prior to the entering into of the Sale and Purchase Agreement, is fair and reasonable.

Comparable companies analysis

ChinaCast together with its subsidiaries are principally engaged in the provision of technology services in the satellite communication industry.

To assess the fairness and reasonableness of the Disposal Price, we have reviewed the price-to-earnings multiples of the following companies (the "Comparable Companies") whose shares are listed on the US OTC markets as well as those listed on Singapore and Hong Kong and whose principal businesses are similar to that of the ChinaCast group. We select the Comparable Companies based on Bloomberg industry grouping system and discussion with the Company.

We noted that the businesses conducted by the Comparable Companies may not be exactly identical to that of the ChinaCast group. Nevertheless, all of the Comparable Companies belong to the industry subgroup of computer services pursuant to the Bloomberg industry grouping system. We consider the Comparable Companies relevant for the purposes of ascertaining whether the Disposal Price is generally in line with the market.

Name	**Listed Exchange**	**Market Capitalisation** *(US$ million)*	**P/E Multiples** *(Times)*
COMPUTER SERVICES INC	OTC US	238.18	17.41
GLOBAL TESTING CORP LTD	Singapore	173.39	7.75
TIER TECHNOLOGIES INC-CL B	OTC US	117.15	18.25
DIGITAL FUSION INC	OTC BB	27.17	47.40
CNA GROUP LTD	Singapore	21.01	29.88
AZEUS SYSTEMS HOLDINGS LTD	Singapore	15.24	7.60
ARI NETWORK SERVICES	OTC BB	13.27	3.75
ARMARDA GROUP LTD	Singapore	8.75	5.23
SINOBEST TECHNOLOGY HLDGS	Singapore	6.36	4.71
INFORMATION ANALYSIS INC	OTC BB	4.12	6.17
SVT INC	OTC US	1.02	2.50
PLATO CAPITAL LTD	Singapore	3.90	11.54
Average			*13.52*
Median			*7.68*
ChinaCast			**14.24**

Source: Bloomberg

Based on ChinaCast's audited basic earnings per share of approximately RMB9.91 cents (equivalent to approximately HK$9.62 cents) as reported in the annual report of ChinaCast for the year ended 31 December 2005, the Disposal Price commands a price-to-earnings multiple of approximately 14.24 times. As illustrated from the above table, such price-to-earnings multiple is in line with the average price-to-earnings multiples of the Comparable Companies and more favourable to the median value of the same.

In light of the above, we consider the Disposal Price is fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

Conclusion

Taking into consideration that the Disposal Price represents a price-to-earnings multiple of approximately 14.24 times of the audited basic earnings per share of ChinaCast for the year ended 31 December 2005, which is in line with the average and higher than the median of price-to-earnings multiples at which the Comparable Companies are traded, we are of the view that the Disposal Price and accordingly the consideration for the Disposal are fair and reasonable so far as the interests of the Company and the Independent Shareholders as a whole are concerned.

3. Financial effects

The Disposal

Net asset value

As stated in "Pro forma financial information of the remaining Group" set out in Appendix III to the Circular, based on the gross proceeds from the Disposal of approximately SG$9,250,000 (equivalent to approximately HK$44.3 million), the estimated transaction costs of approximately HK$1.5 million and the carrying amount of approximately HK$49.1 million of the Group's investment in ChinaCast as at 31 March 2006, the net asset value of the Group would have decreased by approximately HK$6.3 million as a result of the Disposal, had the Disposal taken place on 31 March 2006.

However, we would like to highlight the fact that the change in the net asset value of the Group does not affect the actual cash inflow or outflow of the Group. Furthermore, such change depends on the carrying amount of the Group's investment in ChinaCast, which in turn would fluctuate depending on the market prices quoted on the SGX-ST. To illustrate this, assuming the Disposal had taken place on 31 December 2005, the carrying amount of the Group's investment in ChinaCast would amount to SG$8,259,305 (equivalent to approximately HK$38.5 million) based on the closing price of SG$0.25 per ChinaCast Share quoted on the SGX-ST. As such, the Group would have recorded an increase in its net asset value of approximately HK$3.1 million.

Earnings

As stated in "Pro forma financial information of the remaining Group" set out in Appendix III to the Circular, a gain on disposal of approximately HK$8.3 million would have been recorded by the Group, had the Disposal taken place on 1 January 2006. Accordingly, the net profit of the Group for the three months ended 31 March 2006 would have changed from a net loss of approximately HK$5.0 million to net profit of approximately HK$3.2 million. Based on the above, the Disposal enables the Group to enhance its earnings position.

Working capital

According to the audited consolidated financial statements of the Group for the three months ended 31 March 2006, the Group had cash and bank balances (excluding time deposits with initial term of over 3 months) of approximately HK$3.3 million as at 31 March 2006. As stated in "Pro forma financial information of the remaining Group" set out in Appendix III to the Circular, after taking into account the estimated transaction costs, the net proceeds from the Disposal would have generated cash inflow of approximately HK$42.8 million to the Group, had the Disposal taken place on 31 March 2006.

As described previously, the Group intends to apply as to approximately HK$18 million towards the general working capital of the Group for its daily operation of business and as to approximately HK$26 million towards future investment(s), including but not limited to the proposed acquisition under the MOU, which relates to the proposed acquisition of a mortgage broker company.

The exchange of the First Sale Shares for Great Wall Shares under the Offer in the absence of the Disposal

As confirmed by Lawrence CPA Limited, the reporting accountants, the financial effects of the exchange of the First Sale Shares for Great Wall Shares under the Offer in the event that the Disposal does not take place and TVI elects to receive the Share Consideration pursuant to the New Letter of Undertaking (the "Exchange of Shares") will be approximately the same as the financial effects as disclosed in the pro forma adjustments under the column headed "Exchange of Great Wall Sale Shares" under the sections headed "D. Unaudited Pro Forma Consolidated Balance Sheet of the Remaining Group after disposal of the Great Wall Sale Shares", "E. Unaudited Pro Forma Consolidated Income Statement of the Remaining Group after disposal of the Great Wall Sale Shares" and "F. Unaudited Pro Forma Consolidated Cash Flow Statement of the Remaining Group after disposal of the Great Wall Sale Shares" in Appendix III to the Circular. We noted from the disclosure therein that the Exchange of Shares will increase the net asset value of the Group by approximately HK$15.9 million had the Exchange of Shares taken place on 31 March 2006. The Exchange of Shares will result in a gain of approximately HK$28.4 million had the Exchange of Shares taken place on 1 January 2006 and had the Great Wall Shares for which the First Sale Shares were exchanged been valued at the closing price of Great Wall Shares as at 1 January 2006. Accordingly, on the basis of the above assumptions, the Exchange of Shares will have a more favourable effect on the net asset value and earnings of the Group than that of the Disposal.

Notwithstanding the above, your attention is drawn to the fact that the actual effect of the Exchange of Shares (as compared with the Disposal) on the net asset value and earnings of the Group would depend on the market value of the Great Wall Shares as at the completion of the Exchange of Shares. As stated in the paragraph headed "A certain way to realize part of investment in ChinaCast" in this letter, the market price of the Great Wall Shares will be subject to uncertainty due to factors in particular the possible substantial increase in the issued share capital of Great Wall upon completion of the Offer and the difficulty for the Group to dispose of the 1,551,771 Great Wall Shares in the market without exerting pressure on the price of the Great Wall Shares. Therefore, the current price level per Great Wall Share may or may not be sustained. The comparison of the financial effects of the Exchange of Shares with those of the Disposal above have been made for illustrative purposes only with the assumption that the Exchange of Shares and the Disposal took place on a historical date.

While the Disposal will strengthen the cash position of the Group, the Exchange of Shares will result in the Group receiving Great Wall Shares pursuant to the Offer. The Group will have to dispose of such Great Wall Shares in order to generate cash inflow. Accordingly, the Disposal enables the Group to quickly recoup its investment in ChinaCast, the proceeds of which can be used as working capital and for business development.

Conclusion

Despite the possible decrease in net asset value of the Group as a result of the Disposal, the Disposal enables the Group to enhance its earnings and profitability and to strengthen its financial position in terms of working capital and to fund acquisition(s) for its long run business development. Based on the aforesaid, we are of the view that the Disposal is in the interests of the Company and the Independent Shareholders as a whole.

RECOMMENDATION

In light of the above principal factors and reasons, we consider that the terms of the Disposal are fair and reasonable, and the Disposal is in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Disposal.

Yours faithfully,
For and on behalf of
Taifook Capital Limited
Derek C. O. Chan — *Managing Director*
Ringo Kwan — *Director*

(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

For details of the financial information of the Group, please also refer to Appendix II of this circular.

(B) 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.

(C) 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.

(D) 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 Remaining Group" in the Appendix III to this circular.

Lawrence CPA Limited

富勤
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31 August 2006

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

Dear Sirs,

INTRODUCTION

We set out below our report on the financial information relating to Venture International Investment Holdings Limited ("Company") and its subsidiaries (together "the Group") for each of the 3 years ended 31 December 2003, 2004 and 2005 and the 3 months ended 31 March 2006 ("the Relevant Periods") for inclusion in the shareholders' circular of the Company ("the Circular") in connection with the Disposal of 33,037,220 shares in the issued share capital of ChinaCast Communication Holdings Limited ("ChinaCast") to Mr. Chan Tze Ngon, an executive Director and substantial Shareholder of the Company.

RESPONSIBILITIES

The directors of the Company are responsible for the preparation of financial information to give a true and fair view of the results, cash flows and financial positions in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The financial statements of the Group for the years ended 31 December 2003 and 2004 were audited by Ernst & Young and those of the year ended 31 December 2005 were audited by us. We have acted as reporting accountants of the Group for the 3 months from 1 January 2006 to 31 March 2006.

We have not audited any financial statements of the Company, its subsidiaries or the Group in respect of any period subsequent to 31 March 2006.

BASIS OF PRESENTATION

The financial information set out below is based on the audited financial statements of the Group with adjustment to restate them to conform with HKFRS and the disclosure requirements of the Rules Governing the listing of Securities on the Stock Exchange of Hong Kong Limited.

For the purpose of this report, we have also reviewed the comparative financial information of the 3 months ended 31 March 2005 in accordance with Statement of Auditing Standards 700 "Engagements to review interim financial reports" issued by the HKICPA. A review consists principally of making enquiries of group management, applying analytical procedures to the comparative financial information and assessing whether the accounting policies and presentation have been consistently applied. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information for the 3 months ended 31 March 2005.

Based on our review, which does not constitute an audit, we are not aware of any material modifications that should be made to the comparative financial information on the 3 months ended 31 March 2005.

OPINION

In our opinion, the financial information, for the purpose of this report and on the basis of preparation set out in Notes 2 below, gives a true and fair view of the results and cash flows of the Group for the 3 years ended 31 December 2003, 2004 and 2005 and the 3 months ended 31 March 2006 and of the financial positions of the Company and the Group as at the end of each of the above years and period.

FINANCIAL INFORMATION

Consolidated Income Statements

	Notes	3 months ended 31 March 2006 HK$'000	3 months ended 31 March 2005 HK$'000 (Unaudited)	Year ended 31 December 2005 HK$'000	Year ended 31 December 2004 HK$'000	Year ended 31 December 2003 HK$'000
Continuing operations						
Revenue	6	12,818	74,495	128,884	237,841	261,692
Direct costs		(10,456)	(72,781)	(119,990)	(210,676)	(225,408)
Gross profit		2,362	1,714	8,894	27,165	36,284
Other income	6	235	371	8,902	1,816	1,789
Selling and distribution expenses		(772)	(2,086)	(4,039)	(11,627)	(9,693)
Administrative expenses		(6,013)	(9,533)	(23,948)	(37,118)	(34,827)
Other expenses		(779)	(220)	(1,046)	(9,468)	(8,562)
Impairment losses of goodwill	15	–	–	(602)	–	–
Loss from continuing operations	7	(4,967)	(9,754)	(11,839)	(29,232)	(15,009)
Finance costs	9	(8)	(150)	(567)	(523)	(725)
Loss before tax		(4,975)	(9,904)	(12,406)	(29,755)	(15,734)
Income tax income (expense)	10	(48)	–	2,413	(175)	1,974
Loss for the period/year from the continuing operations		(5,023)	(9,904)	(9,993)	(29,930)	(13,760)
Discontinued operation						
Loss for the period/year from discontinued operation	33(b)	–	–	(27,850)	–	–
Loss for the period/year		(5,023)	(9,904)	(37,843)	(29,930)	(13,760)
Attributable to:						
– Equity holders of the parent		(5,023)	(8,179)	(35,672)	(26,853)	(15,382)
– Minority interest		–	(1,725)	(2,171)	(3,077)	1,622
		(5,023)	(9,904)	(37,843)	(29,930)	(13,760)
Loss per share from continuing operations attributable to the ordinary equity holders of the parent	11					
Basic *(HK$)*		0.01	0.02	0.02	0.05	0.03
Diluted *(HK$)*		N/A	N/A	N/A	N/A	N/A

Consolidated Balance Sheets

		As at 31 March		As at 31 December		
		2006	**2005**	**2005**	**2004**	**2003**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
			(Unaudited)			
Non-current assets						
Fixed assets	*12*	1,557	4,427	1,916	4,601	5,657
Intangible assets	*13*	12,772	1,168	12,772	1,387	2,266
Interest in a jointly controlled entity	*16*	–	104	–	104	–
Available-for-sale investments	*17*	112,926	78,039	91,700	66,681	66,681
Deposits	*18*	–	14,151	–	14,151	15,653
		127,255	97,889	106,388	86,924	90,257
Current assets						
Inventories	*19*	2,392	28,944	3,444	28,197	20,724
Accounts and bills receivable	*20*	24,395	54,137	24,718	52,267	69,364
Prepayments, deposits and other receivables	*18*	27,059	48,282	16,006	50,019	74,089
Due from an investee company	*17*	–	19,323	–	23,045	8,539
Pledged bank deposits	*22*	–	3,138	139	5,141	16,470
Bank deposits with initial term of over three months	*22*	32,212	34,615	32,212	33,962	34,242
Cash and cash equivalents	*22*	3,344	11,868	19,961	45,895	57,591
		89,402	200,307	96,480	238,526	281,019
Total assets		216,657	298,196	202,868	325,450	371,276
Current liabilities						
Accounts and bills payable	*23*	3,625	31,939	2,002	52,304	58,415
Tax payable		8,720	11,028	8,993	11,670	11,489
Accrued liabilities and other payables	*24*	32,063	76,956	35,525	79,953	96,277
Bank and other borrowings	*25*	375	40,985	626	45,617	39,339
Current portion of obligation under finance lease	*26*	203	254	203	275	315
		44,986	161,162	47,349	189,819	205,835

		As at 31 March		As at 31 December		
		2006	2005	2005	2004	2003
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
			(Unaudited)			
Net current assets		44,416	39,145	49,131	48,707	75,184
Total assets less current liabilities		171,671	137,034	155,519	135,631	165,441
Non-current liabilities						
Obligation under finance lease	*26*	–	203	51	254	504
Deferred tax	*27*	159	233	159	233	233
		159	436	210	487	737
Net assets		171,512	136,598	155,309	135,144	164,704
Capital and reserves						
Share capital	*28*	55,735	50,273	55,735	50,273	50,121
Reserves	*30(a)*	115,777	83,596	99,574	80,417	107,052
		171,512	133,869	155,309	130,690	157,173
Minority interest		–	2,729	–	4,454	7,531
Total equity		171,512	136,598	155,309	135,144	164,704

Group Statements of Changes in Equity

	Issued capital HK$'000 (Note 28)	Share premium account HK$'000	Contributed surplus HK$'000	Goodwill reserve HK$'000	Exchange fluctuation reserve HK$'000	Revaluation reserve HK$'000	Accumulated losses HK$'000	Sub-total of reserves HK$'000	Minority interest HK$'000	Total HK$'000
At 1 January 2003	50,121	341,071	(19)	(43,248)	51	–	(175,434)	122,421	5,909	178,451
Exchange realignment and net gains not recognised in the income statement	–	–	–	–	13	–	–	13	–	13
Share of profit	–	–	–	–	–	–	–	–	1,622	1,622
Net loss for the year	–	–	–	–	–	–	(15,382)	(15,382)	–	(15,382)
At 31 December 2003	50,121	341,071	(19)	(43,248)	64	–	(190,816)	107,052	7,531	164,704
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 shares on business combination	5,462	1,038	–	–	–	–	–	1,038	–	6,500
Write-off on disposal of subsidiary	–	–	–	42,646	–	–	–	42,646	–	42,646
Impairment of goodwill	–	–	–	602	–	–	–	602	–	602
Currency translation difference	–	–	–	–	315	–	–	315	–	315
Fair value gain on available-for-sale investments	–	–	–	–	–	10,228	–	10,228	–	10,228
Elimination on buyout of minority	–	–	–	–	–	–	–	–	(4,454)	(4,454)
Net loss for the year	–	–	–	–	–	–	(35,672)	(35,672)	–	(35,672)
At 31 December 2005	55,735	342,312	(19)	–	394	10,228	(253,341)	99,574	–	155,309
At 1 January 2006	55,735	342,312	(19)	–	394	10,228	(253,341)	99,574	–	155,309
Fair value gain on available-for-sale investments	–	–	–	–	–	21,226	–	21,226	–	21,226
Net loss for the period	–	–	–	–	–	–	(5,023)	(5,023)	–	(5,023)
At 31 March 2006	55,735	342,312	(19)	–	394	31,454	(258,364)	115,777	–	171,512
At 1 January 2005 (Unaudited)	50,273	341,274	(19)	(43,248)	79	–	(217,669)	80,417	4,454	135,144
Fair value gain on available-for-sale investments	–	–	–	–	–	11,358	–	11,358	–	11,358
Share of loss	–	–	–	–	–	–	–	–	(1,725)	(1,725)
Net loss for the period	–	–	–	–	–	–	(8,179)	(8,179)	–	(8,179)
At 31 March 2005	50,273	341,274	(19)	(43,248)	79	11,358	(225,848)	83,596	2,729	136,598

Consolidated Cash Flow Statements

		3 months ended 31 March		Year ended 31 December		
		2006	2005	2005	2004	2003
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
			(Unaudited)			
Loss before tax:						
Continuing operations		(4,975)	(9,904)	(12,406)	(29,755)	(15,734)
Discontinued operation	*33(b(1))*	–	–	(4,897)	–	–
		(4,975)	(9,904)	(17,303)	(29,755)	(15,734)
Cash flows from operating activities						
Adjustment for:						
Bank interest income	*6*	(11)	(93)	(594)	(642)	(1,260)
Depreciation	*12*	375	579	2,255	2,700	3,678
Impairment of goodwill	*15*	–	–	602	–	–
Amortisation of deferred development cost	*13*	–	219	811	879	370
Write-off of fixed assets		–	–	56	–	–
Loss (Gain) on disposal of fixed assets, net		–	–	4	–	(268)
Excess of net assets over cost of a business combination		–	–	(2,233)	–	–
Finance costs		8	150	840	523	725
Other income		–	–	(5)	–	–
Waiver by the buyer of a subsidiary of an amount due by the Group		–	–	18,615	–	–
Provision for doubtful debts, net		779	–	843	8,589	8,192
Operating profit (loss) before working capital changes		(3,824)	(9,049)	3,891	(17,706)	(4,297)
Changes in working capital	*31*	(12,031)	(24,242)	(28,261)	(9,601)	19,665
Cash generated from (used in) operations		(15,855)	(33,291)	(24,370)	(27,307)	15,368
PRC income tax paid		(321)	(642)	(1,078)	(147)	(527)
Hong Kong profits tax refunded		–	–	–	153	–
Net cash inflow (outflow) from operating activities		(16,176)	(33,933)	(25,448)	(27,301)	14,841
Net cash inflow (outflow) from operating activities:						
Continuing operations		(16,176)	(33,933)	(11,298)	(27,301)	14,841
Discontinued operation	*33(c)*	–	–	(14,150)	–	–
		(16,176)	(33,933)	(25,448)	(27,301)	14,841

Cash flows from investing activities

		3 months ended 31 March		Year ended 31 December		
		2006	**2005**	**2005**	**2004**	**2003**
	Notes	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*	*HK$'000*	*HK$'000*
Purchases of fixed assets	*12*	(16)	(405)	(1,001)	(1,644)	(2,042)
Proceeds from disposal of fixed assets		–	–	–	–	915
Additions in deferred development costs		–	–	–	–	(2,636)
Repayment by (to) an investee company	*17*	(265)	3,722	23,045	(14,506)	3,900
Decrease in pledged time deposits		139	2,003	5,002	11,329	11,179
Decrease (Increase) in non-pledged time deposits with original maturity of more than 3 months when acquired		–	(653)	1,750	280	(34,242)
Bank interest received		11	93	594	913	989
Acquisition of a subsidiary, net of cash acquired	*32(d)*	–	–	(5,909)	–	–
Additional investments in an investee company		–	–	–	–	(15,600)
Proceeds from disposal of a subsidiary, net of cash of the subsidiary disposed of	*33(a)*	–	–	3,323	–	20,000
Effect of changes in foreign exchange rate, net		–	–	(415)	15	–
Disposal of a jointly-controlled entity	*16*	–	–	–	(104)	–
Refund (Payment) of deposits for investment, net	*18*	–	–	–	13,502	(27,653)
Net cash inflow (outflow) from investing activities		(131)	4,760	26,389	9,785	(45,190)
Net cash inflow (outflow) from investing activities:						
Continuing operations		(131)	4,760	27,138	9,785	(45,190)
Discontinued operation	*33(c)*	–	–	(749)	–	–
		(131)	4,760	26,389	9,785	(45,190)

Cash flows from financing activities

		3 months ended 31 March		Year ended 31 December		
		2006	2005	2005	2004	2003
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
			(Unaudited)			
New inception of bank loans		–	43,868	47,115	45,655	43,585
New inception of other loans		–	–	6,500	–	–
Repayment of bank loans		–	(58,019)	(69,865)	(40,283)	(16,647)
Repayment of other loans		–	(1,560)	(8,060)	–	–
Increase (Decrease) in loan under trust receipt		–	11,383	(1,170)	–	–
Interest paid		(1)	(141)	(805)	(486)	(665)
Payment of finance lease:						
– capital element		(51)	(72)	(275)	(290)	(687)
– interest element		(7)	(9)	(35)	(37)	(60)
Exercise of share options		–	–	–	355	–
Net cash inflow (outflow) from financing activities		(59)	(4,550)	(26,595)	4,914	25,526
Net cash inflow (outflow) from financing activities:						
Continuing operations		(59)	(4,550)	(26,955)	4,914	25,526
Discontinued operation	*33(c)*	–	–	360	–	–
		(59)	(4,550)	(26,595)	4,914	25,526
Net increase (decrease) in cash and cash equivalents		(16,366)	(33,723)	(25,654)	(12,602)	(4,823)
Cash and cash equivalents at beginning of the period/year		19,335	44,989	44,989	57,591	62,414
Cash and cash equivalents at end of the period/year		2,969	11,266	19,335	44,989	57,591
Analysis of balance of cash and cash equivalents:						
Cash and bank balances	*22*	3,344	11,868	19,961	45,895	57,591
Bank overdrafts, secured	*25*	(375)	(602)	(626)	(906)	–
		2,969	11,266	19,335	44,989	57,591

Balance Sheets of the Company

		As at 31 March		As at 31 December		
		2006	**2005**	**2005**	**2004**	**2003**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
			(Unaudited)			
Non-current assets						
Fixed assets	*12*	212	425	254	460	862
Investments in subsidiaries	*14*	97,980	99,754	100,847	104,158	103,122
		98,192	100,179	101,101	104,618	103,984
Current assets						
Prepayments, deposits and other receivables		416	433	515	468	454
Due from an investee company		–	–	–	15	8,408
Pledged time deposits	*22*	–	3,000	–	3,000	3,000
Cash and cash equivalents	*22*	31	1,161	30	29	6,978
		447	4,594	545	3,512	18,840
Total assets		98,639	104,773	101,646	108,130	122,824
Current liabilities						
Accrued liabilities and other payables	*24*	4,181	3,346	4,037	2,508	1,090
Bank and other borrowings	*25*	373	602	598	856	–
Current portion of obligation under financial lease	*26*	203	254	203	275	315
		4,757	4,202	4,838	3,639	1,405
Net current assets/(liabilities)		(4,310)	392	(4,293)	(127)	17,435
Total assets less current liabilities		93,882	100,571	96,808	104,491	121,419
Non-current liabilities						
Obligation under finance lease	*26*	–	203	51	254	504
Net assets		93,882	100,368	96,757	104,237	120,915
Capital and reserves						
Issued capital	*28*	55,735	50,273	55,735	50,273	50,121
Reserves	*30(b)*	38,147	50,095	41,022	53,964	70,794
Total equity		93,882	100,368	96,757	104,237	120,915

Notes to the group financial statements

1. Principal activities and general information

Venture International Investment Holdings Limited ("the Company"), formerly known as Technology Venture Holdings Limited, and its subsidiaries (together "the Group") distributes and sells 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 registered office is Unit 1, 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 31 August 2006.

2. Significant accounting policies

The principal accounting policies applied in the compilation of these consolidated financial statements are summarized below. Unless otherwise stated, these policies have been consistently applied to all the periods/ 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 judgment or where assumptions and estimates are significant to the consolidated financial statements are summarized in Note 4.

The adoption of HKFRS

As from 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 Shares
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 evaluated based on the guidance to the revised standard. Except those operating in Mainland China, which functional currency is Renminbi, 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 expenses the cost of share options in the income statement. As a transitional provision, the cost of share options granted after 7 November 2002 and which had not yet vested on 1 January 2005 was expensed retrospectively in the income statement of the respective periods.

There was no grant of option in 2005 and the 3 months ended 31 March 2006. 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 expensing 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, beginning from 1 January 2005, goodwill is tested annually for impairment as well as when there is indication of impairment. 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.

There are the following impacts on the financial information:

	3 months ended 31 March 2006	**Year ended 31 December 2005**
	HK$'000	*HK$'000*
The adoption of HKAS 39 results in:		
Increase in available-for-sale investments *(Note 17)*	21,226	10,228
Increase in revaluation reserve	21,226	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 recognized directly in the income statement.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the 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 is 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 Renminbi which is the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in HK 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 recognized 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 recognized 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 recognized in the income statement as part of the gain or loss on sale.

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

2.5 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 recognized 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 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:

– 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 licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives of three years.

Costs associated with developing or maintaining computer software programs are recognized 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 recognized as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Computer software development costs recognized 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 amortized 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 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).

2.8 Available-for-sale investments

Investments are recognized on a trade-date basis where the purchase or sale of an investment is under a contract which 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 recognized 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 recognized in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss. Impairment losses recognized 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 realizable 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 realizable 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 recognized 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 amortized cost using the effective interest rate method. 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 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 amortized 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 recognized as employee benefit expense when they are due. Prepaid contributions are recognized 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 recognized as an expense. The total amount to be expensed 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 recognized 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 recognizes a liability and an expense. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.12 Provision

Provisions are recognized 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 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.

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 recognized as follows:

(a) Sales of goods

Sales of goods is recognized 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 recognized in the accounting period in which the service is completed.

(c) Interest income

Interest income is recognized 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 expensed 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 capitalized 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 recognized 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 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 (tax base).

The amount of deferred tax recognized is measured based on the expected manner of realization 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 utilized.

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 exposure.

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 recognized assets and liabilities, entities in the Group use forward contracts on a discretionary basis. Foreign exchange risk arises when future commercial transactions, recognized 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, which 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 not materially affected by ordinary changes in market interest rates.

4. Important accounting estimates and judgments

Estimates and judgments 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 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. This segment was discontinued during 2005;

(c) the IT management and support segment which concentrates on the development, design and technical support of computer software and network products. This segment was newly established during 2006.

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.

2006 – first 3 months

(a) Business segments

	Banking and finance systems integration service First quarter of 2006 *HK$'000*	Software solution for banks and public sector First quarter of 2006 *HK$'000*	IT Management and support First quarter of 2006 *HK$'000*	Eliminations 2006 *HK$'000*	Total for continuing operations 2006 *HK$'000*
Revenue:					
Sales to external customers	12,199	119	500	–	12,818
Interest income	11	–	1	–	12
Other income	223	–	–	–	223
Total	12,433	119	501	–	13,053
Segment results	(2,183)	1	112	–	(2,070)
Unallocated expenses					(2,897)
Loss from continuing operations					(4,967)
Finance costs					(8)
Loss before tax					(4,975)
Income tax expense					(48)
Loss for the period from continuing operations					(5,023)

	Banking and finance systems integration service First quarter of 2006 *HK$'000*	Software solution for banks and public sector First quarter of 2006 *HK$'000*	IT Management and support First quarter of 2006 *HK$'000*	Eliminations 2006 *HK$'000*	Total for continuing operations 2006 *HK$'000*
Segment assets	143,077	507	14,247	(56,894)	100,937
Unallocated assets:					
Available for-sale investments					112,926
Others					2,794
Total assets					216,657
Segment liabilities	(86,252)	(1,374)	(520)	56,894	(31,252)
Unallocated liabilities					(13,518)
Bank overdrafts included in segment liabilities					(375)
Total liabilities					(45,145)

Other segment information:

	Banking and finance systems integration service First quarter of 2006 *HK$'000*	Software solution for banks and public sector First quarter of 2006 *HK$'000*	IT Management and support First quarter of 2006 *HK$'000*	Eliminations 2006 *HK$'000*	Total for continuing operations 2006 *HK$'000*
Cash and bank balance included in segment assets	35,298	162	56	–	35,516
Unallocated amounts					40
					35,556
Depreciation and amortization	330	–	3	–	333
Unallocated amounts					42
					375
Provision for doubtful debts, net	779	–	–	–	779
Capital expenditure	–	–	16	–	16

(b) *Geographical segments*

	Hong Kong First quarter of 2006 HK$'000	Elsewhere in the PRC First quarter of 2006 HK$'000	Eliminations 2006 HK$'000	Consolidated 2006 HK$'000
Revenue:				
Sales to external customers	119	12,699	–	12,818
Segment assets	565,272	87,972	(549,513)	103,731
Unallocated amounts:				
Available-for-sale- investments				112,926
				216,657
Other segment information:				
Cash and bank balances included in segment assets	201	35,355	–	35,556
Capital expenditure	–	16	–	16

2005

(a) *Business segments*

	Banking and finance systems integration service First quarter of 2005 HK$'000	Software solution for banks and public sector First quarter of 2005 HK$'000	IT Management and support First quarter of 2005 HK$'000	Eliminations 2005 HK$'000	Total for continuing operations 2005 HK$'000
Revenue:					
Sales to external customers	124,899	3,462	523	–	128,884
Interest income	550	–	2	–	552
Other income	5,514	12	–	–	5,526
Total	130,963	3,474	525	–	134,962
Segment results	(2,017)	1,527	141	–	(349)
Unallocated interest income					41
Unallocated gains					2,783
Unallocated expenses					(14,314)
Loss from continuing operations					(11,839)
Finance costs					(567)
Loss before tax					(12,406)
Income tax income					2,413
Loss for the year from continuing operations					(9,993)

	Banking and finance systems integration service First quarter of 2005 *HK$'000*	Software solution for banks and public sector First quarter of 2005 *HK$'000*	IT Management and support First quarter of 2005 *HK$'000*	Eliminations 2005 *HK$'000*	Total for continuing operations 2005 *HK$'000*
Segment assets	152,434	77	14,206	(58,392)	108,325
Unallocated assets:					
Available for-sale investments					91,700
Others					2,843
Total assets					202,868
Segment liabilities	(89,919)	(1,118)	(589)	58,392	(33,234)
Unallocated liabilities					(13,699)
Bank overdrafts included in segment liabilities					(626)
Total liabilities					(47,559)

Other segment information:

	Banking and finance systems integration service First quarter of 2005 *HK$'000*	Software solution for banks and public sector First quarter of 2005 *HK$'000*	IT Management and support First quarter of 2005 *HK$'000*	Eliminations 2005 *HK$'000*	Total for continuing operations 2005 *HK$'000*
Cash and bank balance included in segment assets	51,616	28	489	–	52,133
Unallocated amounts					40
					52,173
Pledged time deposits included in segment assets	139	–	–	–	139
Depreciation and amortization	1,310	500	–	–	1,810
Unallocated amounts					445
					2,255
Provision for doubtful debts, net	1,042	3	–	–	1,045
Other non-cash expenses	–	(2)	–	–	(2)
Unallocated amounts					(56)
					(58)
Capital expenditure	322	388	62	–	772
Unallocated amounts					295
					1,067

(b) Geographical segments

	Hong Kong 2005 *HK$'000*	Elsewhere in the PRC 2005 *HK$'000*	Eliminations 2005 *HK$'000*	Consolidated 2005 *HK$'000*
Revenue:				
Sales to external customers	524	128,360	–	128,884
Segment assets	569,409	95,673	(553,914)	111,168
Unallocated amounts:				
Available-for-sale investments				91,700
				202,868
Other segment information:				
Capital expenditure	295	772	–	1,067

2004

(a) Business segments

	Banking and finance systems integration service 2004 *HK$'000*	Software solution for banks and public sector 2004 *HK$'000*	Eliminations 2004 *HK$'000*	Total for continuing operations 2004 *HK$'000*
Revenue:				
Sales to external customers	78,270	159,571	–	237,841
Intersegment sales	–	820	(820)	–
Interest income	194	213	–	407
Other income	178	657	–	835
Total	78,642	161,261	(820)	239,083
Segment results	(5,314)	(6,527)	–	(11,841)
Unallocated interest income				235
Unallocated gains				339
Unallocated expenses				(17,965)
Loss from continuing operations				(29,232)
Finance costs				(523)
Loss before tax				(29,755)
Income tax expense				(175)
Loss for the year from continuing operations				(29,930)

	Banking and finance systems integration service 2004 *HK$'000*	Software solution for banks and public sector 2004 *HK$'000*	Eliminations 2004 *HK$'000*	Total for continuing operations 2004 *HK$'000*
Segment assets	278,547	111,702	(135,616)	254,633
Unallocated assets:				
Available-for-sale investments				66,681
Others				4,136
Total assets				325,450
Segment liabilities	(172,943)	(78,418)	135,616	(115,745)
Unallocated liabilities				(74,561)
Total liabilities				(190,306)
Other segment information:				
Cash and bank balance included in segment assets	44,597	35,231	–	79,828
Unallocated amounts				29
				79,857
Pledged time deposits included in segment assets	2,141	–	–	2,141
Unallocated amounts				3,000
				5,141
Depreciation and amortization	1,685	1,380	–	3,065
Unallocated amounts				514
				3,579
Provision for doubtful debts, net	6,059	2,530	–	8,589
Capital expenditure	1,090	442	–	1,532
Unallocated amounts				112
				1,644

(b) Geographical segments

	Hong Kong 2004 HK$'000	Elsewhere in the PRC 2004 HK$'000	Eliminations 2004 HK$'000	Consolidated 2004 HK$'000
Revenue:				
Sales to external customers	430	237,411	–	237,841
Intersegment sales	–	820	(820)	–
	430	238,231	(820)	237,841
Segment assets	580,657	254,564	(576,556)	258,665
Unallocated amounts:				
Available-for-sale investments				66,785
				325,450
Other segment information				
Capital expenditure	119	1,525	–	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.

2003

(a) Business segments

	Banking and finance systems integration service 2003 HK$'000	Software solution for banks and public sector 2003 HK$'000	Eliminations 2003 HK$'000	Total for continuing operations 2003 HK$'000
Revenue:				
Sales to external customers	111,412	150,280	–	261,692
Intersegment sales	–	960	(960)	–
Interest income	521	35	–	556
Other income	440	7	–	447
Total	112,373	151,282	(960)	262,695
Segment results	(4,513)	3,427	–	(1,086)
Unallocated interest income				704
Unallocated gains				82
Unallocated expenses				(14,709)
Loss from continuing operations				(15,009)
Finance costs				(725)
Loss before tax				(15,734)
Income tax income				1,974
Loss for the year from continuing operations				(13,760)

	Banking and finance systems integration service 2003 *HK$'000*	Software solution for banks and public sector 2003 *HK$'000*	Eliminations 2003 *HK$'000*	Total for continuing operations 2003 *HK$'000*
Segment assets	228,964	134,248	(106,321)	256,891
Unallocated assets:				
Available-for-sale investments				66,681
Others				47,704
Total assets				371,276
Segment liabilities	(146,357)	(99,457)	106,321	(139,493)
Unallocated liabilities				(67,079)
Total liabilities				(206,572)
Other segment information:				
Cash and bank balance included in segment assets	43,880	40,975	–	84,855
Pledged time deposits included In segment assets	2,929	10,541	–	13,470
Depreciation and amortization	2,082	1,097	–	3,179
Unallocated amounts				869
				4,048
Provision for doubtful debts, net	6,887	1,305	–	8,192
Other non-cash income (expense)	12	(38)	–	(26)
Unallocated amounts				294
				268
Capital expenditure	1,884	138	–	2,022
Unallocated amounts				280
				2,302

(b) Geographical segments

	Hong Kong 2003 *HK$'000*	Elsewhere in the PRC 2003 *HK$'000*	Eliminations 2003 *HK$'000*	Consolidated 2003 *HK$'000*
Revenue:				
Sales to external customers	237	261,455	–	261,692
	237	261,455	–	261,692
Segment assets	584,855	254,064	(534,324)	304,595
Unallocated amounts:				
Available-for-sale investments				66,681
				371,276
Other segment information:				
Cash and bank balances included in segment assets	6,985	84,848	–	91,833
Pledged time deposits included in segment assets	3,000	13,470	–	16,470
Capital expenditure	280	2,022	–	2,302

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 and services rendered. All significant intra-group transactions have been eliminated on consolidation.

	3 months ended 31 March		Year ended 31 December		
	2006	**2005**	**2005**	**2004**	**2003**
	HK$'000	*HK$'000* (Unaudited)	*HK$'000*	*HK$'000*	*HK$'000*
Continuing operations:					
Revenue					
– Sales of goods	8,445	66,742	110,958	208,194	223,915
– Rendering of computer technology services	4,373	7,753	17,926	29,647	37,777
	12,818	74,495	128,884	237,841	261,692
Other income					
– Interest income	11	93	594	642	1,260
– Reversal of over-provision of business tax in previous years	–	–	5,285	–	32
– 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	148	278	453	178	–
– Sundry income	76	–	336	339	497
	235	371	8,902	1,816	1,789
	13,053	74,866	137,786	239,657	263,481

7. Loss from continuing operations

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

	3 months ended 31 March		Year ended 31 December		
	2006	**2005**	**2005**	**2004**	**2003**
	HK$'000	*HK$'000* (Unaudited)	*HK$'000*	*HK$'000*	*HK$'000*
Costs of inventories sold and services rendered	10,456	72,781	119,990	210,676	225,408
Depreciation	375	579	1,754	2,700	3,678
Impairment of goodwill	–	–	602	–	–
Amortization of deferred development costs	–	–	–	879	370
Payments under operating leases in respect of land and buildings	362	819	3,171	3,140	3,586
Auditors' remuneration	170	415	897	1,400	1,500
Staff costs, excluding directors' remuneration:					
– Salaries	2,284	5,118	10,750	30,399	26,699
– Retirement benefits – payment to defined compensation plans:					
– Mainland China	342	808	1,394	3,917	3,499
– Hong Kong	20	29	115	113	129
– Other benefits	394	635	1,405	–	–
	3,040	6,590	13,664	34,429	30,327
Exchange loss (gain), net	24	84	(747)	27	(12)
Write-off of fixed assets, net	–	–	56	–	(268)
Provision of doubtful debts, net	779	–	1,045	8,589	8,192

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:

	3 months ended 31 March		**Year ended 31 December**		
	2006	**2005**	**2005**	**2004**	**2003**
	HK$'000	*HK$'000* (Unaudited)	*HK$'000*	*HK$'000*	*HK$'000*
Fees:					
Non-executive directors	–	–	–	–	50
Independent non-executive directors	138	138	550	440	396
	138	138	550	440	446
Other emoluments of executive directors:					
– Basic salaries, other allowances and benefits in kind	1,607	1,636	6,424	6,743	6,428
– Contributions to Mandatory provident fund	9	10	37	45	36
	1,616	1,646	6,461	6,788	6,464
	1,754	1,784	7,011	7,228	6,910

The numbers of directors whose remuneration fell within the following bands are as follows:

	3 months ended 31 March		**Year ended 31 December**		
	2006	**2005**	**2005**	**2004**	**2003**
	HK$'000	*HK$'000* (Unaudited)	*HK$'000*	*HK$'000*	*HK$'000*
Nil to HK$1,000,000	6	4	5	5	6
HK$1,000,001 to HK$2,000,000	–	–	–	–	1
HK$2,000,001 to HK$3,000,000	–	–	2	2	1
	6	4	7	7	8

(b) Five highest paid employees

The 5 highest paid employees included 3 directors during the Relevant Periods whose remuneration are set out in aggregate in part (a) above.

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

	3 months ended 31 March		**Year ended 31 December**		
	2006	**2005**	**2005**	**2004**	**2003**
	HK$'000	*HK$'000* (Unaudited)	*HK$'000*	*HK$'000*	*HK$'000*
– Basic salaries, other allowances and benefits in kind	313	310	1,241	1,375	952
– Contributions to Mandatory provident fund	6	6	24	24	12
	319	316	1,265	1,399	964

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.

During the Relevant Periods, 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 Relevant Periods.

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

	3 months ended 31 March		**Year ended 31 December**		
	2006	**2005**	**2005**	**2004**	**2003**
	HK$'000	*HK$'000* (Unaudited)	*HK$'000*	*HK$'000*	*HK$'000*
Interest on bank and other borrowings wholly repayable within 5 years	1	141	532	486	665
Interest on finance leases	7	9	35	37	60
	8	150	567	523	725

10. Tax

	3 months ended 31 March		Year ended 31 December		
	2006	**2005**	**2005**	**2004**	**2003**
	HK$'000	*HK$'000* (Unaudited)	*HK$'000*	*HK$'000*	*HK$'000*
Current tax:					
Hong Kong	–	–	–	–	–
Mainland China	48	–	1,160	1,415	1,764
Overprovision in prior years	–	–	(3,499)	(1,240)	(3,738)
Tax (income) charge	48	–	(2,339)	175	(1,974)
Deferred tax (Note 27)	–	–	(74)	–	–
	48	–	(2,413)	175	(1,974)

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) 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%.

(b) 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%.

(c) 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 3 years starting from the year ended 31 December 2001, and thereafter is eligible for a 50% relief from income tax for the following 3 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 exemption, 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:

	3 months ended 31 March		Year ended 31 December		
	2006	**2005**	**2005**	**2004**	**2003**
	HK$'000	*HK$'000* (Unaudited)	*HK$'000*	*HK$'000*	*HK$'000*
Loss before tax	(4,975)	(9,904)	(12,406)	(29,755)	(15,734)
Tax credit at the applicable rates to losses in the countries concerned	(944)	(1,506)	(7,828)	(4,603)	(2,703)
Income not subject to tax	(93)	(111)	(9,679)	(505)	(615)
Expenses not deductible for tax	1,084	1,617	18,663	6,559	5,829
Adjustment to opening unutilized tax losses resulting from increase in tax rate	–	–	–	–	(61)
Decrease in unutilized tax losses carryforward due to deregistration of subsidiaries	–	–	–	–	(857)
Increase in unutilized tax losses carryforward	1	–	4	22	171
Tax losses from previous years utilized	–	–	–	(58)	–
Tax charge at the Group's effective rate	48	–	1,160	1,415	1,764
Adjustments in respect of current tax of previous year	–	–	(3,573)	(1,240)	(3,738)
Tax charge (credit) at the Group's effective rate	48	–	(2,413)	175	(1,974)

The Group has tax losses arising in Hong Kong of approximately HK$18 million (2005, 2004 and 2003: 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 recognized 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 Relevant Periods.

	3 months ended 31 March		Year ended 31 December		
	2006	**2005**	**2005**	**2004**	**2003**
	HK$'000	*HK$'000* (Unaudited)	*HK$'000*	*HK$'000*	*HK$'000*
Loss attributable to equity holders of the Company					
– Continuing operations	5,023	8,179	7,822	26,853	15,382
– Discontinued operation	–	–	27,850	–	–
	5,023	8,179	35,672	26,853	15,382
Weighted average number of ordinary shares in issue (thousands)	557,351	502,730	516,048	502,435	501,210
Basic loss per share (HK$ per Share)					
– Continuing operations	0.01	0.02	0.02	0.05	0.03
– 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

	Medium–term leasehold land and Building in Hong Kong	Leasehold improvements	Furniture fixture and equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cost:					
At 1 January 2003	650	4,000	23,597	4,501	32,748
Additions	–	–	1,755	547	2,302
Disposals/write-off	(650)	–	(879)	(2,536)	(4,065)
At 31 December 2003	–	4,000	24,473	2,512	30,985
Additions	–	95	1,491	58	1,644
Disposals/write-off	–	(448)	(1,036)	–	(1,484)
At 31 December 2004	–	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 31 December 2005	–	1,557	20,751	2,156	24,464
Additions	–	–	16	–	16
At 31 March 2006	–	1,557	20,767	2,156	24,480
Accumulated depreciation:					
At 1 January 2003	122	3,351	18,451	3,144	25,068
Provided during the year	30	487	2,636	525	3,678
Disposals/write-off	(152)	–	(739)	(2,527)	(3,418)
At 31 December 2003	–	3,838	20,348	1,142	25,328
Provided during the year	–	139	1,946	615	2,700
Disposals/write-off	–	(448)	(1,036)	–	(1,484)
At 31 December 2004	–	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 31 December 2005	–	1,336	19,325	1,887	22,548
Provided during the period	–	27	301	47	375
At 31 March 2006	–	1,363	19,626	1,934	22,923

	Medium–term leasehold land and Building in Hong Kong *HK$'000*	Leasehold improvements *HK$'000*	Furniture fixture and equipment *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
Net book value:					
At 31 December 2003	–	162	4,125	1,370	5,657
At 31 December 2004	–	118	3,670	813	4,601
At 31 December 2005	–	221	1,426	269	1,916
At 31 March 2006	–	194	1,141	222	1,557
Net book value of assets under finance lease:					
At 31 December 2003	–	–	–	759	759
At 31 December 2004	–	–	–	327	327
At 31 December 2005	–	–	–	8	8
At 31 March 2006	–	–	–	–	–

Company

	Leasehold improvements *HK$'000*	Furniture, fixture and equipment *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
Cost:				
At 1 January 2003	1,627	1,023	2,376	5,026
Additions	–	–	280	280
Disposals/write-off	–	–	(1,361)	(1,361)
At 31 December 2003	1,627	1,023	1,295	3,945
Additions	88	24	–	112
At 31 December 2004	1,715	1,047	1,295	4,057
Additions	189	106	–	295
Write-off	(1,716)	–	–	(1,716)
At 31 December 2005	188	1,153	1,295	2,636
Additions	–	–	–	–
At 31 March 2006	188	1,153	1,295	2,636
Accumulated depreciation:				
At 1 January 2003	1,330	771	1,464	3,565
Provided during the year	230	216	424	870
Disposals/written-off	–	–	(1,352)	(1,352)
At 31 December 2003	1,560	987	536	3,083
Provided during the year	54	28	432	514
At 31 December 2004	1,614	1,015	968	3,597
Provided during the year	78	48	319	445
Write-off	(1,660)	–	–	(1,660)
At 31 December 2005	32	1,063	1,287	2,382
Provided during the period	24	10	8	42
At 31 March 2006	56	1,073	1,295	2,424
Net book value:				
At 31 December 2003	67	36	759	862
At 31 December 2004	101	32	327	460
At 31 December 2005	156	90	8	254
At 31 March 2006	132	80	–	212

13. Intangible assets

Group

	Goodwill	Deferred development cost	Total
	HK$'000	*HK$'000*	*HK$'000*
Cost:			
At 1 January 2003	–	4,233	4,233
Additions	–	2,636	2,636
At 31 December 2003	–	6,869	6,869
Accumulated amortization:			
At 1 January 2003	–	4,233	4,233
Amortization during the year	–	370	370
At 31 December 2003	–	4,603	4,603
Net book value:			
At 31 December 2003	–	2,266	2,266
Cost:			
At 1 January 2004	–	6,869	6,869
Accumulated amortization:			
At 1 January 2004	–	4,603	4,603
Amortization 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
Acquisition of a subsidiary *(Note 32)*	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
Amortization 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
Cost:			
At 1 January 2006	12,772	–	12,772
Accumulated amortization:			
At 1 January 2006	–	–	–
At 31 March 2006	–	–	–
Net book value:			
At 31 March 2006	12,772	–	12,772

14. Investments in subsidiaries

	As at 31 March 2006 HK$'000	Year ended 31 December 2005 HK$'000	2004 HK$'000	2003 HK$'000
Unlisted shares, at cost	39,631	39,631	39,631	39,631
Due from subsidiaries	325,752	328,639	331,989	331,013
Due to subsidiaries	(2,021)	(2,041)	(2,080)	(2,140)
	363,362	366,229	369,540	368,504
Provision for impairment	(265,382)	(265,382)	(265,382)	(265,382)
	97,980	100,847	104,158	103,122

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 operation	Nominal value of paid up share/ registered capital	Proportion of ownership interest	Principal Activates
Held directly:				
Technology Venture Investments Limited	British Virgin Islands/ Hong Kong	Ordinary US$1,000	100	Investment Holding
Held indirectly:				
(1) Sequent China/ Hong Kong Limited	Hong Kong/Mainland China	Ordinary HK$10,000	100	Distribution of information technology products and provision of computer technology services
(2) Technology Venture (software) Holdings Limited	British Virgin Islands/ Hong Kong	Ordinary US$1,000	100	Investment holding
(3) Topasia Computer Limited	Hong Kong/Mainland China	Ordinary HK$10,000	100	Distribution of information technology products and provision of computer technology services

Company	Place of incorporation and operation	Nominal value of paid up share/ registered capital	Proportion of ownership interest	Principal Activates
(4) Topsoft Limited	Hong Kong	Ordinary HK$10,000	100	Distribution of information technology products and provision of computer technology services
(5) Advanced Digital Technology Company Limited	British Virgin Islands/ Mainland China	Ordinary US$1,000	100	Investment holding
(6) Advanced Digital Technology Company Limited	Hong Kong/Mainland China	Ordinary HK$2	100	Provision of systems integration services and software development
(7) 冠亞科技(上海)有限公司	Mainland China	Registered Capital US$3,800,000	100	Distribution of information technology products and provision of computer technology services
(8) 冠亞信息科技服務(上海)有限公司	Mainland China	Registered Capital US$1,000,000	100	Provision of systems integration and maintenance services
(9) Acacia Asia Partners Limited	British Virgin Islands/ Mainland China	Ordinary US$1.00	100	Investment holding
(10) 上海阿加斯網絡科技有限公司	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 license 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 issuance of its business license 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 form 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:

	As at 31 March	Year ended 31 December		
	2006	**2005**	**2004**	**2003**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Goodwill acquired in business combinations:				
At beginning of the period/year	–	43,248	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 period/year	–	–	43,248	43,248

16 Interest in a jointly controlled entity

	As at 31 March	Year ended 31 December		
	2006	**2005**	**2004**	**2003**
	HK$'000	*HK$'000*	*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. Available-for-sale investments

	As at 31 March	Year ended 31 December		
	2006	**2005**	**2004**	**2003**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Listed, outside Hong Kong				
14.96% of the issued share capital of ChinaCast Communication Holdings Limited	66,681	66,681	66,681	–
Revaluation surplus transferred to equity	31,454	10,228	–	–
	98,135	76,909	66,681	–
Unlisted, outside Hong Kong				
19.94% of the issued share capital of ChinaCast Communication Network Company Limited	–	–	–	66,681
20% of the equity interest of Beijing Dongshi Shuangwei Education Technology Company Limited *(Note 18)*	14,791	14,791	–	–
	112,926	91,700	66,681	66,681
Due from an investee company				
Advance to CCT Group				
– unsecured	–	–	23,030	6,000
Other receivables	–	–	15	2,539
	–	–	23,045	8,539

ChinaCast Communication Holdings Limited ("CCH"), a company incorporated in Bermuda on 20 November 2003, is the listed holding company of the ChinaCast Technology ("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 March 2006, the aggregate amount of prepayments, deposits and other receivables includes the balance of a current account of HK$290,216 due from a related company of which certain directors of a subsidiary of the Company are directors.

19. Inventories

	As at 31 March 2006 HK$'000	Year ended 31 December 2005 HK$'000	2004 HK$'000	2003 HK$'000
Information technology products held for resale	5,791	6,843	20,685	18,529
Work in progress	–	–	7,844	7,507
	5,791	6,843	28,529	26,036
Less: provision for write down of Inventories	(3,399)	(3,399)	(332)	(5,312)
	2,392	3,444	28,197	20,724

None of the above inventories was carried at net realisable value at the balance sheet date (2005, 2004, and 2003: Nil).

20. Accounts and bills receivable

Group

	As at 31 March 2006 HK$'000	Year ended 31 December 2005 HK$'000	2004 HK$'000	2003 HK$'000
Accounts receivable	71,100	70,720	102,799	110,415
Less: Provision for impairment	(46,705)	(46,002)	(50,532)	(41,051)
Accounts receivable, net	24,395	24,718	52,267	69,364

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

Group

	As at 31 March 2006 HK$'000	Year ended 31 December 2005 HK$'000	2004 HK$'000	2003 HK$'000
Current to 90 days	7,374	13,865	37,143	47,754
91 days to 180 days	8,016	6,994	2,990	3,566
181 days to 365 days	8,044	3,289	5,007	2,275
Over 365 days	961	570	7,127	15,769
	24,395	24,718	52,267	69,364

Included in the Group's accounts receivable balances are amounts due from a minority shareholder and a related company of HK$nil (2005: nil, 2004: HK$2,515,000 and 2003: HK$2,455,000) and HK$nil (2005: HK$155,769, 2004: nil and 2003: HK$3,703,000) 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

	As at 31 March 2006	Year ended 31 December 2005	2004	2003
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cash and bank balances	3,344	19,961	45,895	57,591
Pledged time deposits	–	139	5,141	16,470
Other time deposits with original maturity of more than 3 months when acquired	32,212	32,212	33,962	34,242
	35,556	52,312	84,998	108,303
Less: Pledged time deposits	–	(139)	(5,141)	(16,470)
Time deposits with initial term of over 3 months	(32,212)	(32,212)	(33,962)	(34,242)
Cash and cash equivalents	3,344	19,961	45,895	57,591

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

Company

	As at 31 March 2006	Year ended 31 December 2005	2004	2003
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cash and bank balances	31	30	29	6,978
Pledged time deposits	–	–	3,000	3,000
	31	30	3,029	9,978
Less: Pledged time deposits	–	–	(3,000)	(3,000)
Cash and cash equivalents	31	30	29	6,978

23. Accounts and bills payable

Group

	As at 31 March 2006	Year ended 31 December 2005	2004	2003
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Accounts and bills payable	3,289	1,677	51,372	54,224
Due to certain minority shareholders	325	325	325	1,452
Due to related companies	11	–	607	2,739
	3,625	2,002	52,304	58,415

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

	As at 31 March 2006	Year ended 31 December 2005	2004	2003
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Current to 90 days	1,624	–	25,981	47,665
91 days to 180 days	–	160	187	1,217
181 days to 365 days	160	8	10,740	1,532
Over 365 days	1,841	1,834	15,396	8,001
	3,625	2,002	52,304	58,415

24. Accrued liabilities and other payables

Group

	As at 31 March 2006	Year ended 31 December 2005	2004	2003
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Accrued liabilities and other liabilities	32,063	35,525	55,245	71,569
Due to a minority shareholders of a subsidiary	–	–	24,708	24,708
	32,063	35,525	79,953	96,277

Company

	As at 31 March 2006	Year ended 31 December 2005	2004	2003
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Accrued liabilities and other liabilities	4,181	4,037	2,508	1,090

25. Bank and other borrowings

Group

	As at 31 March 2006 HK$'000	Year ended 31 December 2005 HK$'000	2004 HK$'000	2003 HK$'000
Bank overdrafts repayable on demand, secured	–	626	–	–
Bank overdrafts repayable on demand, unsecured	375	–	906	–
Bank loans repayable within 1 year, secured	–	–	41,981	34,811
Trust receipt loans repayable within 1 year, secured	–	–	1,170	4,528
Other loans repayable within 1 year, Unsecured	–	–	1,560	–
	375	626	45,617	39,339
Company				
Bank overdrafts repayable on demand, secured	–	598	856	–
Bank overdrafts repayable on demand, unsecured	373	–	–	–
	373	598	856	–

26. Obligation under finance lease

Company and Group

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 of the Relevant Periods, the total future minimum payments under the lease were as follows:

	As at 31 March 2006 HK$'000	Year ended 31 December 2005 HK$'000	2004 HK$'000	2003 HK$'000
Amounts payable:				
not later than 1 year	232	232	311	326
in the 2nd to 5th years	–	58	290	601
Total minimum finance lease payments	232	290	601	927
Future finance charges	(29)	(36)	(72)	(108)
Total obligation under finance lease	203	254	529	819
Classified into amounts payable:				
not later than 1 year	203	203	275	315
in the 2nd to 5th years	–	51	254	504
	203	254	529	819

27. Deferred tax

	As at 31 March 2006 HK$'000	Year ended 31 December 2005 HK$'000	2004 HK$'000	2003 HK$'000
At beginning of the period/year	159	233	233	233
Transfer back to income statement *(Note 10)*	–	(74)	–	–
At end of the period/year	159	159	233	233

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

28. Share capital

	As at 31 March 2006 HK$'000	Year ended 31 December 2005 HK$'000	2004 HK$'000	2003 HK$'000
Authorized:				
1,000,000,000 ordinary shares of HK$0.10 each	100,000	100,000	100,000	100,000
Issued and fully paid:				
557,351,493 ordinary shares of HK$0.10 each (2005: 557,351,493, 2004: 502,729,644 and 2003: 501,209,644 ordinary shares, respectively)	55,735	55,735	50,273	50,121

A summary of the 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 2003	501,209,644	50,121	341,071	391,192
At 31 December 2003 and 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 and 1 January 2006	557,351,493	55,735	342,312	398,047
At 31 March 2006	557,351,493	55,735	342,312	398,047

The issue of shares in 2005 was in respect of the acquisition of 100% interest in the share capital of Acacia Asia Partners Limited at the issue price of HK$0.119 per share. The shares were issued to Mr. Li Yiu Wai. At the time of the issue, the market price of the shares was approximately HK$0.112 per share.

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 to subscribe for ordinary shares in the Company. To comply with the new requirements of Chapter 17 of the Listing Rules, which took effect from 1 September 2001, the Previous Scheme was terminated and a new share option scheme (the "New Scheme") was adopted. No further options are to be granted under the Previous Scheme as from 30 May 2003. 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 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 5 trading days immediately preceding the date of grant of the share options. The maximum number of shares in respect of which options can be granted under the Previous Scheme may not exceed 10% of the issued share capital of the Company form time to time.

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	–	Employees, 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 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 issue 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	–	No minimum period.
(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 5 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 must be made – 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 shareholders' meetings.

The 1,520,000 share options exercised during 2004 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.

As at 31 March 2006, the Company had 9,365,000 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 additional ordinary shares of the Company and proceeds, before relevant share issue expenses, of HK$5,217,000.

* 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 share 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 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.

The following share options were outstanding as at the reporting date.

Grantee	Number of share option At 1 January 2006	Exercised during the period	Cancelled during the period	At 31 March 2006	Date of grant *	Share price of the Company at grant date**	Exercise price ***	Exercise period of share capital
Other employees								
In aggregate	8,045,000	–	–	8,045,000	27 November 2003	HK$0.23	HK$0.233	27 November 2003 to 29 May 2002
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
Total	9,365,000	–	–	9,365,000				

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 reorganization in 1999 over the nominal value of the share capital of the Company issued in exchange.

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

(b) Company

	Share premium Account	Contributed surplus	Accumulated Losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2003	341,071	39,431	(258,567)	121,935
Net loss for the year	–	–	(51,141)	(51,141)
At 31 December 2003 and 1 January 2004	341,071	39,431	(309,708)	70,794
Exercise of share options	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 and 1 January 2006	342,312	39,431	(340,721)	41,022
Net loss for the period	–	–	(2,875)	(2,875)
At 31 March 2006	342,312	39,431	(343,596)	38,147

The net loss from ordinary activities attributable to shareholders of the Company dealt with in the financial statements of the period was HK$2,875,000.

The contributed surplus of the Company represents the excess of the combined net asset value of the subsidiaries acquired pursuant to the same reorganization 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 not distributable.

31. Changes in working capital

	3 months ended 31 March		Year ended 31 December		
	2006	**2005**	**2005**	**2004**	**2003**
	HK$'000	*HK$'000* (Unaudited)	*HK$'000*	*HK$'000*	*HK$'000*
Decrease (Increase) in inventories	1,052	(747)	13,036	(7,473)	4,221
Decrease (Increase) in accounts and bills receivable	(456)	(1,870)	3,368	8,508	(8,434)
Decrease (Increase) in prepayments, deposits and other receivables	(10,788)	1,737	(7,831)	11,799	(24,691)
Increase (Decrease) in accounts and bills payables	1,623	(20,365)	(11,781)	(6,111)	32,143
Increase (Decrease) in accrued liabilities and other payables	(3,462)	(2,997)	(25,053)	(16,324)	16,426
	(12,031)	(24,242)	(28,261)	(9,601)	19,665

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:

	3 months ended 31 March		Year ended 31 December		
	2006	**2005**	**2005**	**2004**	**2003**
	HK$'000	*HK$'000* (Unaudited)	*HK$'000*	*HK$'000*	*HK$'000*
(a) Contribution to the Group for the period/year:					
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:

	Year ended 31 December		
	2005	**2004**	**2003**
	HK$'000	*HK$'000*	*HK$'000*
Group revenue	130,277	–	–
Group loss before tax	(12,056)	–	–

	3 months ended 31 March		Year ended 31 December		
	2006	**2005**	**2005**	**2004**	**2003**
	HK$'000	*HK$'000* (Unaudited)	*HK$'000*	*HK$'000*	*HK$'000*
(b) Details 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 acquisition in September 2005 were as follows:

	Fair value	**Acquiree's carrying amounts**
	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		
Amounts 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 shares	(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:

	3 months ended 31 March		Year ended 31 December		
	2006	**2005**	**2005**	**2004**	**2003**
	HK$'000	*HK$'000* (Unaudited)	*HK$'000*	*HK$'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) Summary of the loss for the Relevant Periods from the discontinued operation

	3 months ended 31 March		Year ended 31 December		
	2006	**2005**	**2005**	**2004**	**2003**
	HK$'000	*HK$'000* (Unaudited)	*HK$'000*	*HK$'000*	*HK$'000*
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 Relevant Periods

	3 months ended 31 March		Year ended 31 December		
	2006	**2005**	**2005**	**2004**	**2003**
	HK$'000	*HK$'000* (Unaudited)	*HK$'000*	*HK$'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

	3 months ended 31 March		Year ended 31 December		
	2006	**2005**	**2005**	**2004**	**2003**
Sale proceeds	–	–	24,977	–	–
Waiver by the buyer of an amount due by the Group	–	–	18,615	–	–
	–	–	43,592	–	–
Less: Net asset value	–	–	(22,557)	–	–
Goodwill at the date of purchase of the discontinued operation *(Note 15)*	–	–	(42,646)	–	–
Transaction costs	–	–	(602)	–	–
	–	–	(22,213)	–	–

(c) Net cash flow of the discontinued operation

Net inflow (outflow) attributable to:

	3 months ended 31 March		Year ended 31 December		
	2006	2005	2005	2004	2003
	HK$'000	*HK$'000* (Unaudited)	*HK$'000*	*HK$'000*	*HK$'000*
– operating activities	–	–	(14,150)	–	–
– investing activities	–	–	(749)	–	–
– financing activities	–	–	360	–	–
	–	–	(14,539)	–	–

34. Commitments

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

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

Group

	As at 31 March	Year ended 31 December		
	2006	2005	2004	2003
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within 1 year	1,748	1,046	1,958	2,466
In the 2nd to 5th years, inclusive	1,478	837	476	503
	3,226	1,883	2,434	2,969

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

35. Contingent liabilities

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

Company and Group

	As at 31 March	Year ended 31 December		
	2006	2005	2004	2003
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Guarantees given by the Company to banks in connection with banking facilities granted to certain subsidiaries	20,000	20,000	20,000	20,000

As at 31 March 2006, the banking facilities granted to the subsidiaries had not been utilised. (2005: Nil, 2004: HK$1,170,000 and 2003: HK$4,528,000).

36 Related party transactions

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

The following transactions were carried out with related parties:

	3 months ended 31 March		**Year ended 31 December**		
	2006	**2005**	**2005**	**2004**	**2003**
	HK$'000	*HK$'000* (Unaudited)	*HK$'000*	*HK$'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	–	153	309	–	–
(e) Provision of management services of two directors to an investee company – reimbursement of their remuneration	132	171	567	756	–
(f) Proceeds on sale of fixed assets received from a company in which directors of the Company are also directors	–	–	–	–	100

The service and interest charges are based on market rates.

	3 months ended 31 March		Year ended 31 December		
	2006	2005	2005	2004	2003
	HK$'000	*HK$'000* (Unaudited)	*HK$'000*	*HK$'000*	*HK$'000*
(ii) Purchases from related companies					
Maintenance and consultancy services provided by a company controlled by a director	134	98	221	364	3,900
The charges are based on market rate of the service.					
(iii) Key management compensation					
Short term employee benefit – salaries and contribution to defined contribution plan	1,935	1,962	6,636	6,788	–
(iv) Amounts of outstanding balances due by (due to) the following related parties					
(a) Arising from sales of goods/services to an unlisted company classified as an available-for-sale investee company *(Note 36 (3))*	–	–	156	–	–
(b) In the form of current accounts					
– a significant investee group *(Note 36 (3))*	(480)	(205)	(402)	23,045	8,539
– an investee company classified as an available-for-sale investee company *(Note 36 (3))*.	265	472	265	–	–
– a company of which a certain director of the Company is a director *(Note 36 (3))*	25	53	70	–	–
(v) Loans to related Parties					
Balance at beginning of the year	–	–	–	6,000	–
Amount advanced during the year	–	–	–	2,600	–
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 CCH is the holding company, which shares are listed on the stock exchange of Singapore. The Group holds approximately 14.96% of the issued share capital of CCH.

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

37. Event after the balance sheet date

(a) Disposal of 50% of the shares held in the issued share capital of ChinaCast

Technology Venture Investments Limited, a wholly owned subsidiary of the Company, entered into an agreement on 17 July 2006 to sell 33,070,220 shares held in the issued share capital of ChinaCast for a consideration of S$9,250,421.60. The investment is classified as available-for-sale investment in the financial statements (Note 17).

(b) Acquisition of the entire equity interest of Run High Services Limited ("Run High")

Technology Venture Investments Limited, a wholly owned subsidiary of the Company, entered into a non-binding Memorandum of Understanding on 17 July 2006 to consider acquiring the entire equity interest of Run High for a cash consideration of HK$25,000,000. Run High is engaged in the business of mortgage broking.

Yours faithfully,
Lawrence CPA Limited
Certified Public Accountants
Hong Kong
Fung Tze Wa
P.C. 01138

I. Comfort letter on unaudited pro forma financial information of the Remaining 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

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31 August 2006

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

Dear Sirs,

Report on the unaudited pro forma financial information for the disposal by the Group of its holding of 33,037,220 shares (approximately 7.48%) in ChinaCast Communication Holdings Limited ("ChinaCast")

We report on the unaudited pro forma financial information of Venture International Investment Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out in Section A, B and C of Appendix III of the Company's circular (the "Circular") in connection with the disposal ("Disposal") of 33,037,220 shares ("First Sale Shares") held by the Group in the issued share capital of ChinaCast to Mr. Chan Tze Ngon, an executive Director and a substantial Shareholder of the Company.

The Disposal represents approximately 50% of the total number of shares currently held by the Group.

This report is made in pursuance to The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (referred hereinafter as "Listing Rules").

ChinaCast is a company incorporated in Bermuda on 20 November 2003 with its shares listed on the main board of the Singapore Exchange on 14 May 2004. ChinaCast provides technological services in the communication industry including satellite broadband service.

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 Disposal might have affected the relevant financial information of the Group as at 31 March 2006 and for the 3 months then ended.

Pro forma information on the disposal of the Great Wall Sale Shares

The Directors have also compiled pro forma information on the possible disposal of the 1,551,772 Great Wall Sale Shares, which are to be exchanged from the remaining 33,037,221 ChinaCast Shares. The information are summarized in Section D, E and F of Appendix III.

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 March 2006 or for the 3 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
Certified Public Accountants
Hong Kong
Cheung Yuk Ming
P.C. 01041

II. Pro Forma Financial Statements

General Information on the Pro Forma Statements

(1) The pro forma adjustments included in the statements presented in Section A, B and C are those directly attributable to the Disposal of the 33,037,220 First Sale Shares for a proposed consideration of S$9,250,421.60 at S$0.28 per share. The adjustments are factually supportable and do not have a continuing impact on the remaining Group.

(2) The pro forma information concerning the possible disposal of the Great Wall Shares are set out in Section D, E and F hereof.

(3) Fair value of the ChinaCast and the Great Wall Shares are indicated by the published price quotations in their respective active open markets and translated into Hong Kong dollar at the exchange rate of the day in question.

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

The unaudited pro forma consolidated balance sheet of the remaining Group as presented below has been prepared based on the audited consolidated balance sheet of the Group as at 31 March 2006 and adjusted to illustrate the effect of the Disposal.

For the purpose of presenting the unaudited pro forma consolidated balance sheet of the remaining Group as at 31 March 2006, it has been assumed that the Disposal took place on 31 March 2006.

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 March 2006 or at any future dates.

	As at 31 March 2006	Pro forma adjustments		Pro forma balances
	HK$'000	*HK$'000*	*Note*	*HK$'000*
	(Note 1)			
Non-current Assets				
Fixed assets	1,557			1,557
Intangible assets	12,772			12,772
Available-for-sale investments	112,926	(49,068)	2	63,858
	127,255			78,187
Current assets				
Inventories	2,392			2,392
Accounts and bills receivable	24,395			24,395
Prepayments, deposits and other receivables	27,059			27,059
Time deposits with initial term of over 3 months	32,212			32,212
Cash and bank balances	3,344	42,799	3	46,143
	89,402			132,201
Current liabilities				
Accounts and bills payable	3,625			3,625
Tax payable	8,720			8,720
Accrued liabilities and other payables	32,063			32,063
Bank and other borrowings	375			375
Current portion of obligation under finance lease	203			203
	44,986			44,986
Net current assets	44,416			87,215
Total assets less current liabilities	171,671			165,402

	As at 31 March 2006	Pro forma adjustments		Pro forma balances
	HK$'000	*HK$'000*	*Note*	*HK$'000*
	(Note 1)			
Non-current liabilities				
Deferred tax	159			159
	159			159
	171,512			165,243
Equity attributable to equity holders of the parent:				
Issued capital	55,735			55,735
Reserves	115,777	(15,727)	4	109,508
		9,458	5	
	171,512			165,243

Notes to the unaudited pro forma Consolidated Balance Sheet

1. The financial figures are extracted from the audited consolidated financial statements of the Group for the 3 months ended 31 March 2006.

2. This adjustment records the removal of the carrying amount of the First Sale Shares disposed of from the accounting record.

3. This adjustment reflects the amount of sale proceeds of HK$44,319,000 net of transaction costs of about HK$1,520,000. The amount is translated from Singapore dollar ("S$") at the exchange rate of S$1.00 to HK$4.79103 on 31 March 2006.

4. This adjustment removes the amount of fair value gain of the investment in ChinaCast accumulated in the Revaluation Reserve Account on 31 March 2006.

5. This amount represents the gain of the disposal of the First Sale Shares and is arrived at as follows:

	HK$'000
Sale proceeds of the ChinaCast Shares at agreed price	44,319
Less: transaction costs	(1,520)
acquisition costs of the ChinaCast Shares	(33,341)
	9,458

B. Unaudited Pro Forma Consolidated Income Statement of the Remaining Group

The unaudited pro forma consolidated income statement of the Group as presented below has been prepared based on the audited consolidated income statement of the Group for the 3 months ended 31 March 2006 and adjusted to illustrate the effect of the Disposal as if it had taken place on 1 January 2006.

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 3 months ended 31 March 2006 or any future periods.

	The Group *HK$'000* *(Note 1)*	**Pro forma adjustments** *HK$'000* *(Note 2)*	*Note*	**Pro forma balances** *HK$'000*
Continuing operations			*5*	
Revenue	12,818			12,818
Direct costs	(10,456)			(10,456)
Gross profit	2,362			2,362
Other income	235			235
Gain on disposal of available-for-sale investment	–	8,256	*3*	8,256
Selling and distribution expenses	(772)			(772)
Administrative expenses	(6,013)			(6,013)
Other expenses	(779)			(779)
(Loss) Profit from operations	(4,967)			3,289
Finance costs	(8)			(8)
(Loss) Profit before taxation	(4,975)			3,281
Income tax expense	(48)			(48)
(Loss) Profit for the period	(5,023)			3,233
Attributable to:				
Equity holders of the parents	(5,023)			3,233

(Loss) Earning per share from continuing operations attributable to the ordinary equity holders of the parent			
	HK$		*HK$*
Basic	(0.01)	4	0.0058
Diluted	N/A	4	N/A

Notes to the unaudited pro forma Consolidated Income Statement

1. The financial figures are extracted from the audited consolidated financial statements of the Group for the 3 months ended 31 March 2006.

2. The financial information are translated from S$ at the exchange rate of S$1.00 to HK$4.66045 on 1 January 2006.

3. The gain on disposal of the First Sale Shares is arrived at as follows:

	HK$'000
Sale proceeds of the ChinaCast Shares at agreed price	43,111
Less: transaction costs	(1,514)
acquisition costs of the ChinaCast Shares	(33,341)
	8,256

4. Basic earning per share is calculated by dividing the pro forma profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the 3-month period.

	3 months ended 31 March 2006 *HK$'000*
Pro forma earning attributable to equity holders	
– Continuing operations	3,233
Weighted average number of ordinary shares in issue (thousands)	
– Continuing operations	557,351
Basic earning per share (HK$ per share)	*HK$*
– Continuing operations	0.0058

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

5. Continuing operations consist of the banking and finance systems integration services segment, the software solutions for banks and public sector segment and the IT management and support segment principally carried out by 冠亞科技(上海)有限公司 (Topasia Technology (Shanghai) Limited*) and 上海阿加斯網絡科技有限公司 (Acacia Asia Partners Limited*).

* *For identification purpose 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 audited consolidated cash flow statement of the Group for the 3 months ended 31 March 2006 and adjusted to show the effect of the Disposal on cash flows had it taken place on 1 January 2006.

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 3 months ended 31 March 2006 or any future periods.

	The Group	**Pro forma adjustments**		**Pro forma balances**
	HK$'000	*HK$'000*	*Note*	*HK$'000*
	(Note 1)	*(Note 2)*		
Cash flows from operating activities				
(Loss) Profit before tax:				
Continuing operations	(4,975)	8,256	*3*	3,281
Adjustments for:				
Interest income	(11)			(11)
Depreciation	375			375
Finance costs	8			8
Gain from sales of available-for-sale investment	–	(8,256)	*3*	(8,256)
Provision for doubtful debts, net	779			779

	The Group HK$'000 (Note 1)	Pro forma adjustments HK$'000 (Note 2)	Note	Pro forma balances HK$'000
Operating loss before working capital changes	(3,824)			(3,824)
Decrease in inventories	1,052			1,052
Increase in accounts and bill receivable	(456)			(456)
Increase in prepayments, deposits and other receivables	(10,788)			(10,788)
Increase in accounts and bill payables	1,623			1,623
Decrease in accrued liabilities and other payables	(3,462)			(3,462)
Cash used in operations	(15,855)			(15,855)
PRC income tax paid	(321)			(321)
Net cash outflow from operating activities	(16,176)			(16,176)
Net cash outflow from operating activities:				
– Continuing operations	(16,176)			(16,176)
Cash flow from investing activities				
Purchases of fixed assets	(16)			(16)
Proceeds from sale of available-for-sale investments	–	41,597	4	41,597
Repayment from investee companies	(265)			(265)
Decrease in pledged time deposits	139			139
Interest received	11			11
Net cash (outflow) inflow from investing activities	(131)			41,466
Net cash (outflow) inflow from investing activities:				
– Continuing operations	(131)			41,466

	The Group HK$'000 (Note 1)	Pro forma adjustments HK$'000 (Note 2)	Note	Pro forma balances HK$'000
Cash flows from financing activities				
Interest paid	(1)			(1)
Capital element of finance lease rental payments	(51)			(51)
Interest element on finance lease rental payments	(7)			(7)
Net cash outflow from financing activities	(59)			(59)
Net cash outflow from financing activities:				
– Continuing operations	(59)			(59)
Net (decrease) increase in cash and cash equivalents	(16,366)			25,231
Cash and cash equivalents at beginning of the period	19,335			19,335
Cash and cash equivalents at end of the period	2,969			44,566
Analysis of balances of cash and cash equivalents:				
Cash and bank balances	3,344	41,597	4	44,941
Less: bank overdraft	(375)			(375)
	2,969			44,566

Notes to the unaudited pro forma Consolidated Cash Flow Statement

1. The financial figures are extracted from the audited consolidated financial statements of the Group for the 3 months ended 31 March 2006.

2. The financial information are translated from Singapore dollar ("S$") at the exchange rate of S$1.00 to HK$4.66045 on 1 January 2006.

3. See Note 3 of Section B.

4. The adjustment of HK$41,597,000 represents the cash consideration of the Disposal net of transaction costs of approximately HK$1,514,000 as if it were received on 1 January 2006.

D. Unaudited Pro Forma Consolidated Balance Sheet of the Remaining Group after disposal of the Great Wall Sale Shares

The unaudited pro forma consolidated balance sheet of the remaining Group as presented below has been prepared based on the audited consolidated balance sheet of the Group as at 31 March 2006 and adjusted to illustrate the effect of the disposals of the First Sale Shares, the remaining ChinaCast Shares and the Great Wall Sale Shares.

For the purpose of presenting the unaudited pro forma consolidated balance sheet of the remaining Group as at 31 March 2006, it has been assumed that the disposals took place on 31 March 2006.

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 March 2006 or at any future dates.

		Pro forma adjustments				
	As at 31 March 2006	**Disposal of First Sale Shares**	**Exchange of Great Wall Sale Shares**	**Disposal of Great Wall Sale Shares**		**Pro forma balances**
	HK$'000 *(Note 1)*	*HK$'000*	*HK$'000*	*HK$'000*	*Note*	*HK$'000*
Non-current assets						
Fixed assets	1,557					1,557
Intangible assets	12,772					12,772
Available-for-sale investments	112,926	(49,068) *(Note 2)*	17,167 *(Note 3)*	(66,235) *(Note 2)*		14,790
	127,255					29,119

		Pro forma adjustments				
	As at 31 March 2006	Disposal of First Sale Shares	Exchange of Great Wall Sale Shares	Disposal of Great Wall Sale Shares		Pro forma balances
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*Note*	*HK$'000*
	(Note 1)					
Current assets						
Inventories	2,392					2,392
Accounts and bills receivable	24,395					24,395
Prepayments, deposits and other receivables	27,059					27,059
Time deposits with initial term of over 3 months	32,212					32,212
Cash and bank balances	3,344	42,799 *(Note 4)*	(1,300) *(Note 5)*	66,235 *(Note 4)*		111,078
	89,402					197,136
Current liabilities						
Accounts and bills payable	3,625					3,625
Tax payable	8,720					8,720
Accrued liabilities and other payables	32,063					32,063
Bank and other borrowings	375					375
Current portion of obligation under finance lease	203					203
	44,986					44,986
Net current assets	44,416					152,150
Total assets less current liabilities	171,671					181,269
Non-current liabilities						
Deferred tax	159					159
	159					159
	171,512					181,110

	As at 31 March 2006	Pro forma adjustments: Disposal of First Sale Shares	Pro forma adjustments: Exchange of Great Wall Sale Shares	Pro forma adjustments: Disposal of Great Wall Sale Shares		Pro forma balances
	HK$'000 *(Note 1)*	*HK$'000*	*HK$'000*	*HK$'000*	*Note*	*HK$'000*
Equity attributable to equity holders of the parent:						
Issued capital	55,735					55,735
Reserves	115,777	(15,727)	(15,727)		6	125,375
		9,458	31,594		7	
	171,512					181,110

Notes to the unaudited pro forma Consolidated Balance Sheet in Section D

1. The financial figures are extracted from the audited consolidated financial statements of the Group for the 3 months ended 31 March 2006.

2. These adjustments record the removal of the carrying amounts of the investments disposed of from the accounting record.

   The amounts of HK$49,068,000 and HK$66,235,000 are arrived at as follows:

Shares		No. of shares	Market price	Exchange rate	Amount *HK$'000*
(a)	First Sale Shares	33,037,220	S$0.31	4.79103	49,068
(b)	Great Wall Shares	1,551,772	US$5.50	7.7606	66,235

3. This adjustment reflects the surplus arising from the higher market value of the Great Wall Shares acquired in the exchange over the carrying amount of the ChinaCast Shares.

   The amount of HK$17,167,000 is arrived at as follows:

Shares	No. of shares	Market price	Exchange rate	Amount *HK$'000*
Great Wall Shares	1,551,772	US$5.50	7.7606	66,235
ChinaCast Shares	33,037,220	S$0.31	4.79103	49,068
				17,167

4. These adjustments reflect the total amount of sale proceeds of the two disposals of HK$110,554,000 net of transaction costs of about HK$1,520,000. The amount is translated from S$ and US$ at the exchange rate of S$1.00 to HK$4.79103 and US$1.00 to HK$7.7606 on 31 March 2006 respectively.

5. This is the amount of estimated transaction costs of the acquisition of the Great Wall Sale Shares.

6. These adjustments remove the amounts of fair value gain of the investments accumulated in the Revaluation Reserve Account on 31 March 2006.

7. These adjustments represent gains on the two disposals and are arrived at as follows:

(a) Disposal of the First Sale Shares

	HK$'000
Sale proceeds of the ChinaCast Shares	44,319
Less: transaction costs	(1,520)
acquisition costs of the ChinaCast Shares	(33,341)
	9,458

(b) Disposal of the remaining ChinaCast Shares for the Great Wall Sale Shares

Fair value of the Great Wall Shares on 31 March 2006	66,235
Less: transaction costs	(1,300)
acquisition costs of the remaining ChinaCast Shares	(33,341)
	31,594

E. Unaudited Pro Forma Consolidated Income Statement of the Remaining Group after disposal of the Great Wall Sale Shares

The unaudited pro forma consolidated income statement of the Group as presented below has been prepared based on the audited consolidated income statement of the Group for the 3 months ended 31 March 2006 and adjusted to illustrate the effect of the disposals of the ChinaCast Shares and the Great Wall Sale Shares as if they had taken place on 1 January 2006.

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 3 months ended 31 March 2006 or any future periods.

		Pro forma adjustments				
	The Group	Disposal of First Sale Shares	Exchange of Great Wall Sale Shares	Disposal of Great Wall Sale Shares		Pro forma balances
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*Note*	*HK$'000*
	(Note 1)	*(Note 2)*	*(Note 2)*	*(Note 2)*		
Continuing operations					*6*	
Revenue	12,818					12,818
Direct costs	(10,456)					(10,456)
Gross profit	2,362					2,362
Other income	235					235
Gain on disposal of available-for-sale investment	–	8,256			*3*	8,256
Gain on exchange of available-for-sale investment	–		28,410		*4*	28,410
Selling and distribution expenses	(772)					(772)
Administrative expenses	(6,013)					(6,013)
Other expenses	(779)					(779)
(Loss) Profit from operations	(4,967)					31,699
Finance costs	(8)					(8)
(Loss) Profit before taxation	(4,975)					31,691
Income tax expense	(48)					(48)
(Loss) Profit for the period	(5,023)					31,643

	The Group	Pro forma adjustments: Disposal of First Sale Shares	Pro forma adjustments: Exchange of Great Wall Sale Shares	Pro forma adjustments: Disposal of Great Wall Sale Shares		Pro forma balances
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*Note*	*HK$'000*
	(Note 1)	*(Note 2)*	*(Note 2)*	*(Note 2)*		
Attributable to:						
Equity holders of the parents	(5,023)					31,643
(Loss) Earning per share from continuing operations attributable to the ordinary equity holders of the parent						
	HK$					*HK$*
Basic	(0.01)				5	0.0568
Diluted	N/A				5	N/A

Notes to the unaudited pro forma Consolidated Income Statement in Section E

1. The financial figures are extracted from the audited consolidated financial statements of the Group for the 3 months ended 31 March 2006.

2. The financial information are translated from S$ and US$ at the exchange rate of S$1.00 to HK$4.66045 and US$1.00 to HK$7.754 on 1 January 2006 respectively.

3. The gain on disposal of the First Sale Shares is arrived at as follows:

	HK$'000
Sale proceeds	43,111
Less: transaction costs	(1,514)
acquisition costs of the ChinaCast Shares	(33,341)
	8,256

4. The gain on disposal of the remaining ChinaCast Shares in exchange for the Great Wall Sale Shares is arrived at as follows:

(a) At fair value

	HK$'000
Fair value of Great Wall Shares on 1 January 2006	63,050
Less: transaction costs	(1,300)
acquisition costs of the ChinaCast Shares	(33,340)
	28,410

(b) Had the exchange of the Great Wall Sale Shares been valued at the market price of Great Wall of US$5.30 per share on the day before announcement of the Offer on 14 September 2005, the gain would have become:

	HK$'000
Value of the Great Wall Sale Shares	63,843
Less: transaction costs	(1,300)
acquisition costs of the ChinaCast Shares	(33,340)
	29,203

(c) Had the exchange of the Great Wall Sale Shares been valued at the market price of Great Wall of US$5.15 per share at the latest practicable date of 9 August 2006, the gain would have become:

	HK$'000
Value of the Great Wall Sale Shares	62,150
Less: transaction costs	(1,300)
acquisition costs of the ChinaCast Shares	(33,340)
	27,510

5. Basic earning per share is calculated by dividing the pro forma profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the 3-month period.

	3 months ended 31 March 2006 *HK$'000*
Pro forma earning attributable to equity holders	
– Continuing operations	31,643
Weighted average number of ordinary shares in issue (thousands)	
– Continuing operations	557,351

	HK$
Basic earning per share (HK$ per share)	
– Continuing operations	0.0568

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

6. Continuing operations consist of the banking and finance systems integration services segment, the software solutions for banks and public sector segment and the IT management and support segment principally carried out by 冠亞科技(上海) 有限公司 (Topasia Technology (Shanghai) Limited*) and 上海阿加斯網絡科技有限公司 (Acacia Asia Partners Limited*).

* *For identification purpose only*

F. Unaudited Pro Forma Consolidated Cash Flow Statement of the Remaining Group after disposal of the Great Wall Sale Shares

The unaudited pro forma consolidated cash flow statement of the Group as presented below has been prepared based on the latest audited consolidated cash flow statement of the Group for the 3 months ended 31 March 2006 and adjusted to show the effect of the disposals of the ChinaCast Shares and Great Wall Sale Shares on cash flows had they taken place on 1 January 2006.

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 3 months ended 31 March 2006 or any future periods.

	The Group	Pro forma adjustments: Disposal of First Sale Shares	Pro forma adjustments: Exchange of Great Wall Sale Shares	Pro forma adjustments: Disposal of Great Wall Sale Shares	Note	Pro forma balances
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*Note*	*HK$'000*
	(Note 1)	*(Note 2)*	*(Note 2)*	*(Note 2)*		
Cash flows from operating activities						
(Loss) Profit before tax:						
Continuing operations	(4,975)	8,256 *(Note 3)*	28,410 *(Note 4)*			31,691
Adjustments for:						
Interest income	(11)					(11)
Depreciation	375					375
Finance costs	8					8
Gain from sales of available-for-sale investment	–	(8,256) *(Note 3)*				(8,256)
Gain on exchange of available-for-sale investment	–		(28,410) *(Note 4)*			(28,410)
Provision for doubtful debts, net	779					779
Operating loss before working capital changes	(3,824)					(3,824)
Decrease in inventories	1,052					1,052
Increase in accounts and bills receivables	(456)					(456)
Increase in prepayments, deposits and other receivables	(10,788)					(10,788)
Increase in accounts and bills payables	1,623					1,623
Decrease in accrued liabilities and other payables	(3,462)					(3,462)
Cash used in operations	(15,855)					(15,855)
PRC income tax paid	(321)					(321)
Net cash outflow from operating activities	(16,176)					(16,176)

	The Group	Pro forma adjustments: Disposal of First Sale Shares	Pro forma adjustments: Exchange of Great Wall Sale Shares	Pro forma adjustments: Disposal of Great Wall Sale Shares	Note	Pro forma balances
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*Note*	*HK$'000*
	(Note 1)	*(Note 2)*	*(Note 2)*	*(Note 2)*		
Net cash outflow from operating activities: – Continuing operations	(16,176)					(16,176)
Cash flow from investing activities						
Purchases of fixed assets	(16)					(16)
Proceeds from sale of available-for-sale investments	–	41,597	(1,300)	63,050	5	103,347
Repayment from investee companies	(265)					(265)
Decrease in pledged time deposits	139					139
Interest received	11					11
Net cash (outflow) inflow from investing activities	(131)					103,216
Net cash (outflow) inflow from investing activities: – Continuing operations	(131)					103,216
Cash flows from financing activities						
Interest paid	(1)					(1)
Capital element of finance lease rental payments	(51)					(51)
Interest element on finance lease rental payments	(7)					(7)
Net cash outflow from financing activities	(59)					(59)
Net cash outflow from financing activities: – Continuing operations	(59)					(59)

	The Group	Pro forma adjustments: Disposal of First Sale Shares	Exchange of Great Wall Sale Shares	Disposal of Great Wall Sale Shares		Pro forma balances
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*Note*	*HK$'000*
	(Note 1)	*(Note 2)*	*(Note 2)*	*(Note 2)*		
Net (decrease) increase in cash and cash equivalents	(16,366)					86,981
Cash and cash equivalents at beginning of the period	19,335					19,335
Cash and cash equivalents at end of the period	2,969					106,316
Analysis of balances of cash and cash equivalents:						
Cash and bank balances	3,344	41,597	(1,300)	63,050	*5*	106,691
Less: bank overdraft	(375)					(375)
	2,969					106,316

Notes to the unaudited pro forma Consolidated Cash Flow Statement in Section F

1. The financial figures are extracted from the audited consolidated financial statements of the Group for the 3 months ended 31 March 2006.

2. The financial information are translated from S$ and US$ at the exchange rate of S$1.00 to HK$4.66045 and US$1.00 to HK$7.754 on 1 January 2006 respectively.

3. This adjustment eliminates the gain on the disposal of the First Sale Shares from the cash flow statement. The gain is arrived at as follows:

	HK$'000
Sale proceeds of the ChinaCast Shares	43,111
Less: transaction costs	(1,514)
acquisition costs of the ChinaCast Shares	(33,341)
	8,256

4. This adjustment eliminates the gain arising from the disposal of the remaining ChinaCast Shares for the Great Wall Sale Shares. The gain is arrived at as follows:

Fair value of Great Wall Shares on 1 January 2006	63,050
Less: transaction costs	(1,300)
acquisition costs of the ChinaCast Shares	(33,340)
	28,410

5. The total amount of HK$103,347,000 represents amounts of cash consideration of the two disposals net of transaction costs as if they had taken place on 1 January 2006.

III. Management discussion and analysis of the financial information condition and result of operation of the Remaining 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 (DMX), 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) 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) 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 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 soft 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 automatic teller machines (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.

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.

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, 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, China Construction Bank (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 TVH'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 specializes 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 Advanced Digital Technology (ADT), has strategized its product and services offerings into three major lines: software development and productization, network systems and mainframe systems.

Named one of China's top 100 software companies for 2003, ADT's well recognized expertise further facilitated its business development activities. It has become one of the five service providers for network development and safety of Industrial and Commercial Bank of China (ICBC). On the other hand, CCB has also authorized 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 authorized 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 digitalize financial data.

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 TVH over the past years has been perfectly timed and placed to capitalize 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 TVH 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.

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.

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, which amounted to HK$39,000,000 as at 31 December 2003. 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 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 utilized 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 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. 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 HKSAR 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 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.

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 Industrial and Commercial Bank of China (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 Bank of China (BOC) and China Postal Bureau when it successfully secured after-sales repair and maintenance servicing tenders for almost 400 automatic teller machines (ATM) for BOC branches in Henan, Shaanxi, Chongqing and Zhejiang.

At the annual tender of China Merchants Bank (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.

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: Advanced Digital Technology

The Group's software vehicle, 55%-owned Advanced Digital Technology (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 centralization process for China Construction Bank (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.

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 intergration 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 capitalize 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.

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 PRC use short-term borrowings in 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 United States dollars ("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 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. 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 HKSAR to link the Hong Kong dollars to the US dollars remains in effect.

Employee and remuneration policies

As at 31 December 2004, the Group employed approximately 360 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.

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 February 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.

OUTLOOK

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, 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.

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 had not been utilized (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.

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

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

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

Name of Director	Nature of interest	No. of Shares held	Position	Approximate percentage of issued share capital
Chan Tze Ngon	Beneficial owner	125,542,000	Long	18.60%

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

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

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

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

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

L: represents the entity's interests in the securities

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

3. DIRECTORS' SERVICE CONTRACTS

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

4. EXPERTS AND CONSENT

The following are the qualification of the experts who has given opinions or advice which are contained in this circular:

Name	Qualification
Lawrence CPA Limited	Certified public accountants
Taifook Capital Limited	a licensed corporation under the SFO to carry on Type 6 regulated activity for the purposes of the SFO

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

As at the Latest Practicable Date, each of Lawrence CPA Limited and Taifook Capital Limited:

(a) was not interested, directly or indirectly, in any assets which have been acquired by or disposed of by or leased to any member of the Group or are proposed to be acquired by 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 interests in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

5. LITIGATION

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

6. MATERIAL ADVERSE CHANGE

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

7. COMPETING INTERESTS

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

8. SHARE CAPITAL

Authorised:		*HK$*
1,000,000,000	Shares	100,000,000
Issued and to be issued, fully paid or credited as fully paid:		
674,998,552	Shares in issue as at the Latest Practicable Date	67,499,855

9. MATERIAL CONTRACTS

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

(i) the sale and purchase agreement dated 3 November 2004 and entered into between ChinaCast 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 Existing Letter of Undertaking and the New Letter of Undertaking;

(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 dated 10 February 2006 and the supplemental agreement dated 26 May 2006 and entered in among August Chance Investments Limited, Recognition International Limited, John S and 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 and Fabulous On Services

Limited as vendors, Mr Samuel Lin Jr. as guarantor and TVI as purchaser in relation to the acquisition of the entire issued share capital of Grand Panorama Limited at a total consideration of HK$30 million; and

(vii) the Sale and Purchase Agreement.

10. MISCELLANEOUS

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

(b) As at the Latest Practicable Date, 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 company secretary and the qualified accountant of the Company is Ms. Tong Pui Wah, Lisa, who is a fellow member of various accountancy bodies in UK and Hong Kong. Ms. Tong has over 16 years' experience in finance and administration with large multi-national groups.

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

(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 18 September 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 and 31 December 2004;

(c) the letter of advice from Taifook Capital Limited, the text of which is set on pages 22 to 40 of this circular;

(d) the accountants' report of the Company prepared by Lawrence CPA Limited, the text of which is set out in Appendix II;

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

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

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

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

(i) this circular.

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

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

NOTICE IS HEREBY GIVEN that a special general meeting (the "**Meeting**") of Venture International Investment Holdings Limited (the "**Company**") to be held at Room 3101, 31st Floor, 118 Connaught Road West, Hong Kong on Monday, 18 September 2006 at 11:00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions as ordinary resolutions with the ordinary resolution numbered 1 to be taken by way of a poll:

ORDINARY RESOLUTIONS

1. "**THAT**

   (a) the sale and purchase agreement dated 17 July 2006 (the "**Sale and Purchase Agreement**") entered into between Technology Venture Investments Limited as vendor and Mr Chan Tze Ngon as purchaser in relation to the sale and purchase of 33,037,220 shares of US$0.08 each in the capital of ChinaCast Communication Holdings Limited ("**ChinaCast**") for an aggregate consideration of approximately S$9,250,000 (a copy of which has been produced to the Meeting marked "A" and signed by the chairman of the Meeting for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and

   (b) any one director of the Company be and are hereby authorised to do all such acts and things and execute all documents which they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation and completion of the Sale and Purchase Agreement and the matters contemplated therein."

2. "**THAT**

   (a) subject to the completion of the Offer (as defined below) and the passing of this resolution, during the one year period from the passing of this resolution, the proposed future disposal (the "**Future Disposal**") of all or any of the 1,551,772 shares of US$0.001 each in the capital of Great Wall Acquisition Corporation ("**Great Wall**") to be held by the Company and its subsidiaries in the open market of the NASDAQ OTC Bulletin Board (or other similar stock exchange) be and is hereby approved;

* *for identification purpose only*

(b) any one director of the Company be and are hereby authorised to do all such acts and things and execute all documents which they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Future Disposal and the matters contemplated thereunder; and

(c) for the purpose of this resolution, the "**Offer**" means the pre-conditional voluntary offer (including any amendments to that) to be made by Great Wall to acquire the entire issued share capital of ChinaCast, further details of which are set out in the announcement published by DBS Bank Ltd. for and on behalf of Great Wall dated 14 September 2005."

By order of the Board
Venture International Investment Holdings Limited
Chan Tze Ngon
Chairman

Hong Kong, 31 August 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 of the Company entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more than one proxy to attend and, subject to the provisions of the bye-laws of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the meeting to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.

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

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