
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

A copy of each of the Prospectus Documents together with the copy of the document specified in the paragraph headed "Documents registered by the Registrar of Companies" have been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies Ordinance. A copy of each of the Prospectus Documents has been filed with the Registrar of Companies in Bermuda as required by Section 26 of the Companies Act. The Registrars of Companies in Hong Kong and Bermuda, the Bermuda Monetary Authority and the SFC take no responsibility as to the contents of any of these documents.

Dealings in the Adjusted Shares may be settled through CCASS and you should consult your licensed securities dealer, bank manager, solicitor, professional accountant and other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests.

The Stock Exchange and HKSCC take no responsibility for the contents of this Prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus.

Subject to the granting of listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Offer Shares or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and the CCASS Operational Procedures in effect from time to time.



GREAT WALL CYBERTECH LIMITED

長城數碼廣播有限公司*

(Provisional Liquidators appointed)

(Stock code: 689)

(incorporated in Bermuda with limited liability)

OPEN OFFER OF 145,372,626 OFFER SHARES AT HK\$0.06 PER OFFER SHARE ON THE BASIS OF NINE OFFER SHARES FOR EVERY FIVE ADJUSTED SHARES HELD PAYABLE IN FULL ON ACCEPTANCE

Financial adviser to Great Wall Cybertech Limited

(Provisional Liquidators appointed)



SOMERLEY LIMITED

Underwriter

VINCO[®]

Grand Vinco Capital Limited

The latest time for acceptance of and payment for the Offer Shares is 4:00 p.m. on Friday, 15th September, 2006. The procedures for acceptance of and payment for the Offer Shares are set out on pages 23 to 24 of this Prospectus.

Shareholders should note that the Underwriter may terminate its obligations under the Underwriting Agreement by notice in writing issued to the Company at any time prior to 4:00 p.m. on the third Business Day after the Acceptance Date if there occurs:

- (i) any new law or regulation or any change (whether or not forming part of a series of changes) in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature by any court or other competent authority of any jurisdiction relevant to the Group shall have been introduced or effected; or
- (ii) any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of a political, military, financial, economic or other nature (whether or not *ejusdem generis* with any of the foregoing), or in the nature of any local, national and international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets shall have been occurred; or
- (iii) any adverse change in the business or in the financial position or the prospects of the Group as a whole; or
- (iv) any event, or series of events, beyond the control of the Underwriter (including without limitation, any act of God, acts of government, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic or threatened epidemic (including but not limited to severe acute respiratory syndrome, bird flu and other viruses of an epidemic nature), terrorism, strike or lock-out shall have occurred, happened or come into effect; or
- (v) any adverse change in market conditions (including without limitation, a change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or restriction of trading in securities and a change in currency conditions for the purpose of this clause includes a change in the system which the value of Hong Kong currency is pegged with that of the currency of the United States of America) shall have been occurred; or
- (vi) any event, or series of events which in the opinion of the Underwriter has or is likely to have the effect of making any part of the Underwriting Agreement incapable of performance in accordance with its terms or which prevents the processing of the Open Offer; or
- (vii) any adverse change or development in the conditions of Hong Kong and the PRC or international equity securities markets; or
- (viii) the imposition of economic sanctions, in whatever form, directly and indirectly, by the United States, the European Union (or any member thereof) or any other country or organisation in Hong Kong, the PRC or any other jurisdiction relevant to the Group; or
- (ix) a change or development occurs involving a prospective change in taxation or exchange control (or the implementation of any exchange control) or foreign investment regulations in the PRC, Hong Kong or any jurisdiction relevant to the Group;

which, in the reasonable opinion of the Underwriter:

- (1) is or will or is likely to be adverse to the business, financial or other condition or prospects of the Group or, in the case of paragraph (ix) above, to the prospective shareholders as a whole or generally in their capacity as such; or
- (2) has or will or is likely to have an adverse effect on the success of the Open Offer or the level of the Offer Shares being accepted or distribution of the Offer Shares; or
- (3) makes it inadvisable or inexpedient to proceed with the underwriting or the delivery of the Offer Shares on the terms and in the manner contemplated by the Underwriting Agreement or other relevant documents;

then the Underwriter may in its absolute discretion, upon giving notice in writing to the Company terminate the Underwriting Agreement with immediate effect. Should this occur, the Underwriting Agreement shall cease to have effect and none of the parties to the Underwriting Agreement shall have any rights or claims to the other parties by reason thereof.

The Underwriter shall be entitled by notice in writing to the Company, served prior to 4:00 p.m. on the third Business Day after the Acceptance Date to rescind the Underwriting Agreement if:

- (i) the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed to be assumed by it under the Underwriting Agreement which breach or omission will have adverse effect on its financial position as a whole; or
- (ii) the Underwriter shall either receive notification pursuant to the terms of the Underwriting Agreement or otherwise become aware of, the fact that any of the representations or warranties contained in the Underwriting Agreement was, when given, untrue or inaccurate or would be untrue or inaccurate if repeated as provided in the Underwriting Agreement, and the Underwriter shall, in its reasonable opinion, determine that any such untrue representation or warranty represents or is likely to represent an adverse change in the financial position of the Group taken as a whole or is otherwise likely to have a prejudicial effect on the Open Offer; or
- (iii) the Company shall, after any matter or event referred to in the Underwriting Agreement has occurred or come to the Underwriter's attention, fail promptly to send out any announcement or circular (after the despatch of the Prospectus Documents), in such manner (and as appropriate with such contents) as the Underwriter may reasonably request for the purpose of preventing the creation of a false market in the securities of the Company.

If the Underwriter terminates or rescinds the Underwriting Agreement, the Open Offer will not proceed.

Shareholders should note that transfer of the Adjusted Shares has become ex-entitlements to the Open Offer from Thursday, 24th August, 2006 and that transfer of the Adjusted Shares may take place whilst the conditions to which the Open Offer is subject remain unfulfilled. Any Shareholder or other person dealing in such Adjusted Shares up to the date on which all conditions to which the Open Offer is subject are fulfilled (which is expected to be 20th September, 2006), will accordingly bear the risk that the Open Offer cannot become unconditional and may not complete. Any Shareholder or other person contemplating selling or purchasing the Adjusted Shares who is in any doubt about his or her position is recommended to consult his or her own professional adviser.

* For identification purpose only

CONTENTS

	<i>Page</i>
Definitions	1
Termination of the Underwriting Agreement.	8
Expected timetable	11
Letter from the Board	
Introduction	12
Open Offer	13
Underwriting Agreement	16
Shareholding structure of the Company	20
Reasons for the Open Offer and use of proceeds	21
Listing and dealings	21
Business review and prospects of the Group	22
Equity fund raising activities in the past twelve-month period	23
Procedure for acceptance and payment	23
Placings	24
General	25
Appendix I – Financial information on the Group	26
Appendix II – Pro forma financial information.	60
Appendix III – General information	65

DEFINITIONS

In this Prospectus, the following expressions have the following meanings, unless the context requires otherwise:

“Acceptance Date”	a day falling 14 days after the Posting Date (or such other date as the Underwriter may agree in writing with the Company and the Provisional Liquidators) as the latest time for acceptance of, and payment for, the Offer Shares which is currently 15th September, 2006
“Adjusted Share(s)”	the existing ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Announcement”	the joint announcement dated 21st April, 2006 made by the Company and the Investor regarding the Restructuring Proposal
“associates”	has the meaning ascribed thereto under the Listing Rules
“Bermuda Court”	the Supreme Court of Bermuda
“Board”	the board of Directors
“Business Day”	any days (other than Saturday) on which licensed banks in Hong Kong are open for business throughout their normal business hours
“BVI”	British Virgin Islands
“BVI Intermediary Holdco”	a company to be incorporated in the BVI, which shall become the holding company of Fortune Hand immediately after the Group Reorganisation
“Capital Reorganisation”	collectively the Stage I Capital Reorganisation and the Stage II Capital Reorganisation
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies Act”	the Companies Act 1981 of Bermuda as amended from time to time
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)

DEFINITIONS

“Company”	Great Wall Cybertech Limited (Provisional Liquidators appointed), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“connected persons”	has the meaning ascribed thereto under the Listing Rules
“Consolidated Share(s)”	share(s) of HK\$1.00 each in the share capital of the Company upon the Share Consolidation becoming effective
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“Costs Escrow Agreement”	the escrow and exclusivity agreement entered into, among others, among the Company, the Provisional Liquidators and the Investor on 4th June, 2004 and as supplemented by four supplemental agreements dated 29th October, 2004, 4th March, 2005, 13th April, 2006 and 11th August, 2006 respectively
“Creditors’ Schemes”	the schemes of arrangement under section 99 of the Companies Act and under section 166 of the Companies Ordinance between the Company and the Schemes Creditors with or subject to any modification thereof or addition thereto or condition approved or imposed by the Bermuda Court or Hong Kong Court, as the case may be, and agreed by the Investor
“Directors”	the directors of the Company
“Document”	the document issued by the Company on 29th May, 2006 in relation to the Restructuring Proposal
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Excess Application Form(s)”	form(s) of application for excess Offer Shares
“Excluded Shareholders”	those Overseas Shareholders whom the Directors, after making relevant enquiry, consider it necessary or expedient not to extend the Open Offer on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place

DEFINITIONS

“Fortune Hand”	Fortune Hand Industries Limited, a company incorporated in the BVI with limited liability and a direct subsidiary of the Company immediately before the Group Reorganisation
“Grand Vinco” or “Placing Agent” or “Underwriter”	Grand Vinco Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and being the Placing Agent of the Placings and the Underwriter to the Open Offer
“Group”	the Company and its subsidiaries prior to the Restructuring Proposal becoming effective
“Group Reorganisation”	the reorganisation of the Group as part of the Restructuring Proposal as described in the Document
“GW Infrastructure”	Great Wall Infrastructure Limited, a company incorporated in the BVI with limited liability and a direct subsidiary of Fortune Hand
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Hong Kong Court”	the Court of First Instance of High Court of Hong Kong
“Indebtedness”	all indebtedness owed by the Company to the Schemes Creditors
“Independent Shareholders”	Shareholders other than Vantor Profits Limited, a company indirectly controlled by Mr. Wu
“Innovision”	Innovision Enterprises Limited, a company incorporated in Hong Kong with limited liability and a direct subsidiary of GW Infrastructure
“Investor”	Climax Associates Limited, a company incorporated in the BVI with limited liability and is owned as to 51% by a trust of which Mr. Wong and his family members are discretionary beneficiaries, as to 20% by Mr. Chu Kwok Chi Robert and as to 29% by Mr. Cheng Hairong
“Latest Practicable Date”	30th August, 2006, being the latest practicable date prior to the printing of this Prospectus for the purpose of ascertaining certain information for inclusion in this Prospectus

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange
“Mr. Wong”	Mr. Wong Chi Wing Joseph, the controlling shareholder of the Investor
“Mr. Wu”	Mr. Wu Shaozhang, an executive Director, who controls Vador Profits Limited which is a Shareholder holding approximately 7.66% of the existing issued share capital of the Company
“New Shares Placing”	the placing of the Placing Shares by the Placing Agent pursuant to the New Shares Placing Agreement
“New Shares Placing Agreement”	the placing agreement dated 13th April, 2006 entered into among the Company, the Provisional Liquidators, and the Placing Agent in respect of the New Shares Placing and as supplemented by a supplemental agreement dated 11th August, 2006
“Offer Shares”	145,372,626 Adjusted Shares to be issued under the Open Offer
“Open Offer”	the issue of the Offer Shares on the basis of nine Offer Shares for every five Shares held on the Record Date
“Overseas Shareholders”	Shareholders whose addresses on the register of the members of the Company are outside Hong Kong on the Record Date
“PAL”	Provisional Allotment Letter(s) for Offer Shares
“Placings”	collectively the New Shares Placing and the Sale Shares Placing
“Placing Shares”	374,627,374 new Adjusted Shares to be placed by the Placing Agent on behalf of the Company under the New Shares Placing
“Posting Date”	1st September, 2006 or such other date as the Underwriter may agree with the Provisional Liquidators and the Company
“PRC”	the People’s Republic of China
“Prospectus”	this prospectus containing details of the Open Offer

DEFINITIONS

“Prospectus Documents”	the Prospectus, the PAL(s) and the Excess Application Form(s)
“Provisional Liquidators”	Messrs. Derek K.Y. Lai and Joseph K.C. Lo of Deloitte Touche Tohmatsu in their capacity as joint and several provisional liquidators of the Company appointed by the Hong Kong Court
“Qualifying Shareholders”	Shareholders, other than the Excluded Shareholders, whose names appear on the register of members of the Company as at 4:00 p.m. on the Record Date
“Record Date”	30th August, 2006, being the date by reference to which entitlements under the Open Offer are determined
“Registrar”	Tengis Limited, the branch share registrar of the Company in Hong Kong
“Restructured Group”	the group comprising principally the Company, BVI Intermediary Holdco, Fortune Hand, GW Infrastructure and Innovision upon completion of the Restructuring Proposal
“Restructuring Agreement”	the conditional agreement dated 13th April, 2006 entered into among the Company, the Provisional Liquidators and the Investor for the implementation of the Restructuring Proposal and as supplemented by a supplemental agreement dated 11th August, 2006
“Restructuring Proposal”	the restructuring proposal of the Group under the Restructuring Agreement involving, among other things, the Capital Reorganisation, the Subscription, the Creditors’ Schemes, the Placings, the Open Offer and the Group Reorganisation
“Sale Shares”	156,500,000 new Adjusted Shares to be placed by the Placing Agent on behalf of the Investor under the Sale Shares Placing
“Sale Shares Placing”	the placing of the Sale Shares by the Placing Agent pursuant to the Sale Shares Placing Agreement
“Sale Shares Placing Agreement”	the placing agreement dated 13th April, 2006 entered into among the Investor, the Company and the Placing Agent in respect of the Sale Shares Placing and as supplemented by a supplemental agreement dated 11th August, 2006

DEFINITIONS

“Scheme Administration Costs”	the costs, charges, expenses and disbursements to be incurred on or after the date on which the Creditors’ Schemes become effective in connection with the administration and implementation of the Creditors’ Schemes including but not limited to the fees and remuneration of the scheme administrators under the Creditors’ Schemes and the adjudicator
“Schemes Creditors”	all creditors (excluding GW Infrastructure and Innovision which have made advances to the Company for the costs relating to the implementation of the Restructuring Proposal and the Shareholder Creditors to the extent of their unclaimed dividends against the Company) with a right to prove in the liquidation of the Company within the meaning of section 263 of the Companies Ordinance and section 234 of the Companies Act
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571) of the Laws of Hong Kong
“SGM”	the special general meeting of the Company held on 22nd June, 2006 for the purpose of considering, and if thought fit, passing the relevant resolutions required for, among other things, the implementation of the Restructuring Proposal and the Whitewash Waiver
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company before the Stage I Capital Reorganisation became effective on 1st August, 2006
“Share Consolidation”	the consolidation of every 100 Shares into one Consolidated Share
“Shareholder(s)”	holder(s) of the Share(s), the Consolidated Share(s) or the Adjusted Share(s), where appropriate
“Shareholder Creditors”	Shareholders who have claims against the Company for dividends declared by the Company
“Somerley”	Somerley Limited, a licensed corporation under the SFO to conduct type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities as set out in the SFO

DEFINITIONS

“Stage I Capital Reorganisation”	the capital reorganisation of the Company involving the Share Consolidation and the capital reduction as described in the Document
“Stage II Capital Reorganisation”	the proposed capital reorganisation of the Company involving the capital reserve reduction as described in the Document
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of 2,075,000,000 new Adjusted Shares by the Investor and the issue and allotment of an additional 352,750,000 Adjusted Shares to the Investor pursuant to the Subscription Agreement
“Subscription Agreement”	the conditional agreement dated 13th April, 2006 entered into among the Investor, the Company and the Provisional Liquidators in relation to the Subscription and as supplemented by a supplemental agreement dated 11th August, 2006
“Subscription Price”	the subscription price of HK\$0.06 per Offer Share pursuant to the Open Offer
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Underwriting Agreement”	the underwriting agreement dated 13th April, 2006 entered into among the Company, the Provisional Liquidators and the Underwriter and as supplemented by two supplemental agreements dated 17th July, 2006 and 11th August, 2006 respectively in relation to the Open Offer
“Underwritten Shares”	the 145,372,626 Offer Shares that are underwritten by the Underwriter
“Whitewash Waiver”	a waiver by the Executive pursuant to Note 1 to the Notes on dispensations from Rule 26 of the Takeovers Code from the obligation of the Investor and its parties acting in concert within the meaning of the Takeovers Code to make a mandatory general offer for all the Adjusted Shares not already owned or agreed to be acquired by them upon completion of the Restructuring Proposal
“HK\$”	Hong Kong dollars
“%”	per cent.

TERMINATION OF THE UNDERWRITING AGREEMENT

The Underwriter may terminate its obligations under the Underwriting Agreement by notice in writing issued to the Company at any time prior to 4:00 p.m. on the third Business Day after the Acceptance Date if there occurs:

- (i) any new law or regulation or any change (whether or not forming part of a series of changes) in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature by any court or other competent authority of any jurisdiction relevant to the Group shall have been introduced or effected; or
- (ii) any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national and international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets shall have been occurred; or
- (iii) any adverse change in the business or in the financial position or the prospects of the Group as a whole; or
- (iv) any event, or series of events, beyond the control of the Underwriter (including without limitation, any act of God, acts of government, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic or threatened epidemic (including but not limited to severe acute respiratory syndrome, bird flu and other viruses of an epidemic nature), terrorism, strike or lock-out shall have occurred, happened or come into effect; or
- (v) any adverse change in market conditions (including without limitation, a change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or restriction of trading in securities and a change in currency conditions for the purpose of this clause includes a change in the system which the value of Hong Kong currency is pegged with that of the currency of the United States of America) shall have been occurred; or
- (vi) any event, or series of events which in the opinion of the Underwriter has or is likely to have the effect of making any part of the Underwriting Agreement incapable of performance in accordance with its terms or which prevents the processing of the Open Offer; or
- (vii) any adverse change or development in the conditions of Hong Kong and the PRC or international equity securities markets; or
- (viii) the imposition of economic sanctions, in whatever form, directly and indirectly, by the United States, the European Union (or any member thereof) or any other country or organisation in Hong Kong, the PRC or any other jurisdiction relevant to the Group; or

TERMINATION OF THE UNDERWRITING AGREEMENT

- (ix) a change or development occurs involving a prospective change in taxation or exchange control (or the implementation of any exchange control) or foreign investment regulations in the PRC, Hong Kong or any jurisdiction relevant to the Group;

which, in the reasonable opinion of the Underwriter:

- (1) is or will or is likely to be adverse to the business, financial or other condition or prospects of the Group or, in the case of paragraph (ix) above, to the prospective shareholders as a whole or generally in their capacity as such; or
- (2) has or will or is likely to have an adverse effect on the success of the Open Offer or the level of the Offer Shares being accepted or distribution of the Offer Shares; or
- (3) makes it inadvisable or inexpedient to proceed with the underwriting or the delivery of the Offer Shares on the terms and in the manner contemplated by the Underwriting Agreement or other relevant documents;

then the Underwriter may in its absolute discretion, upon giving notice in writing to the Company terminate the Underwriting Agreement with immediate effect. Should this occur, the Underwriting Agreement shall cease to have effect and none of the parties to the Underwriting Agreement shall have any rights or claims to the other parties by reason thereof.

The Underwriter shall be entitled by notice in writing to the Company, served prior to 4:00 p.m. on the third Business Day after the Acceptance Date to rescind the Underwriting Agreement if:

- (i) the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed to be assumed by it under the Underwriting Agreement which breach or omission will have adverse effect on its financial position as a whole; or
- (ii) the Underwriter shall either receive notification pursuant to the terms of the Underwriting Agreement or otherwise become aware of, the fact that any of the representations or warranties contained in the Underwriting Agreement was, when given, untrue or inaccurate or would be untrue or inaccurate if repeated as provided in the Underwriting Agreement, and the Underwriter shall, in its reasonable opinion, determine that any such untrue representation or warranty represents or is likely to represent an adverse change in the financial position of the Group taken as a whole or is otherwise likely to have a prejudicial effect on the Open Offer; or
- (iii) the Company shall, after any matter or event referred to in the Underwriting Agreement has occurred or come to the Underwriter's attention, fail promptly to send out any announcement or circular (after the despatch of the

TERMINATION OF THE UNDERWRITING AGREEMENT

Prospectus Documents), in such manner (and as appropriate with such contents) as the Underwriter may reasonably request for the purpose of preventing the creation of a false market in the securities of the Company.

If the Underwriter terminates or rescinds the Underwriting Agreement, the Open Offer will not proceed.

EXPECTED TIMETABLE

2006

Record Date	Wednesday, 30th August
Prospectus Documents posted	Friday, 1st September
Latest time for acceptance of and payment for the Offer Shares	4:00 p.m. on Friday, 15 September
Open Offer becomes unconditional	4:00 p.m. on Wednesday, 20th September
Announcement of results of the Open Offer appears in newspaper	Friday, 22nd September
Refund cheques for wholly and partially unsuccessful excess application posted on or about	Friday, 22nd September
Share certificates for the Offer Shares posted on or about	Friday, 22nd September
Expected date of resumption of trading in the Adjusted Shares	Tuesday, 26th September

Notes: (1) All times in this Prospectus refer to Hong Kong local time.

(2) Trading in the Company's securities has been suspended since 24th March, 2003 and remained suspended as of the date of this Prospectus. Trading in the securities of the Company will resume subject to fulfillment of conditions imposed by the Listing (Review) Committee of the Stock Exchange and completion of the Restructuring Proposal. Further announcement will be made by the Company on the progress of the Restructuring Proposal and as to whether and when trading in the securities of the Company will resume.

(3) Effect of bad weather on the latest time for acceptance of and payment for Offer Shares

The latest time for acceptance of and payment for Offer Shares will not take place if there is:

- a tropical cyclone warning signal number 8 or above, or
 - a "black" rainstorm warning
- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Acceptance Date. Instead the latest time of acceptance of and payment for the Offer Shares will be extended to 5:00 p.m. on the same Business Day;
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Acceptance Date. Instead the latest time of acceptance of and payment for the Offer Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m..

If the latest time for acceptance of and payment for the Offer Shares does not take place on Acceptance Date, the dates mentioned in the section headed "Expected timetable" in this Prospectus may be affected. A press announcement will be made by the Company in such event.

LETTER FROM THE BOARD



GREAT WALL CYBERTECH LIMITED

長城數碼廣播有限公司*

(Provisional Liquidators appointed)

(Stock code: 689)

(incorporated in Bermuda with limited liability)

Executive Directors:

Mr. Wu Shaozhang
Mr. Wong Kwok Wing
Mr. Tse On Kin
Mr. Yuen Chung Yan, John
Mr. Chen Weixiong

Registered office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Independent non-executive Directors:

Mr. Lee Shue Shing
Mr. Wu Xiaoke
Mr. Poon Kwok Shin, Edmond

*Head office and principal
place of business:*

35th Floor
One Pacific Place
88 Queensway
Hong Kong

1st September, 2006

*To the Qualifying Shareholders and, for information only,
Excluded Shareholders*

Dear Sir or Madam,

**OPEN OFFER OF 145,372,626 OFFER SHARES
AT HK\$0.06 PER OFFER SHARE ON THE BASIS OF
NINE OFFER SHARES FOR EVERY FIVE ADJUSTED SHARES HELD
PAYABLE IN FULL ON ACCEPTANCE**

INTRODUCTION

The Company despatched a document to the Shareholders dated 29th May, 2006 setting out details of, among other things, the Restructuring Proposal which involves the Capital Reorganisation, the Subscription, the Creditors' Schemes, the Open Offer, the Placings and the Group Reorganisation. The Restructuring Proposal including the Open Offer was approved by the Shareholders at the SGM. The Stage I Capital Reorganisation became effective on 1st August, 2006 and as at the Latest Practicable Date, the issued share capital of the Company amounted to approximately HK\$808,000, comprising 80,762,570 Adjusted Shares of HK\$0.01 each. The Creditors' Schemes were also approved by the Schemes Creditors at the meetings held on 17th July, 2006 and sanctioned by the Hong Kong Court and the Bermuda Court respectively.

* *For identification purpose only*

LETTER FROM THE BOARD

This Prospectus sets out further information regarding the Open Offer, including the procedures for acceptance of and payment for the Offer Shares, financial and other information of the Group.

OPEN OFFER

Issue statistics

Basis of Open Offer:	Nine Offer Shares for every five Adjusted Shares held by the Qualifying Shareholders on the Record Date
Number of existing Adjusted Shares in issue:	80,762,570 Adjusted Shares
Number of Offer Shares:	145,372,626 Offer Shares
Subscription Price:	HK\$0.06 per Offer Share

As at the Latest Practicable Date, the Company had no derivatives, options, warrants and conversion rights which are convertible into the Adjusted Shares.

Qualifying Shareholders

To qualify for the Open Offer, Shareholders must be registered as members of the Company at the close of business on the Record Date. Shareholders having addresses outside Hong Kong on the register of members of the Company at the close of business on the Record Date are Qualifying Shareholders only if the Board, after making relevant enquiry as required under the Listing Rules, considers that the offer to these Shareholders would not contravene any legal restriction under the laws of the relevant place or any requirement of the relevant regulatory body or stock exchange in that place.

The Company has sent the Prospectus Documents to the Qualifying Shareholders on 1st September, 2006.

Rights of Overseas Shareholders

The Prospectus Documents will not be registered under the applicable securities legislation of any jurisdiction other than Hong Kong and Bermuda. Based on the register of members of the Company as at the Record Date, there were 12 Shareholders with registered addresses which were outside Hong Kong in the following countries or territories: Macau, Singapore, Canada, Malaysia, the PRC, Spain and New Zealand. The Directors have, in compliance with Rule 13.36(2)(a) of the Listing Rules, made enquires regarding the legal restrictions under the laws of the relevant places and the requirements of the relevant regulatory bodies or stock exchanges. Based on the advice provided by the legal advisers in these countries or territories, the Directors have formed the view that it is necessary or expedient not to offer the Offer Shares to the Shareholders whose registered addresses are in Malaysia due to the time and costs involved in the registration of the Prospectus Documents and/or compliance with the legal or regulatory requirements or special formalities in those

LETTER FROM THE BOARD

places. Accordingly, the Shareholders whose registered addresses are in Malaysia are the Excluded Shareholders and the offer of the Offer Shares will not be extended to them. The Company will only send the Prospectus to the Excluded Shareholders for information purposes. The Company will not send the PALs and the Excess Application Forms to the Excluded Shareholders.

For those Shareholders with the registered addresses on the Record Date in Macau, Singapore, Canada, the PRC, Spain and New Zealand, the Directors have been advised by the relevant legal advisers that there is no restriction on, or there is an applicable exemption for, extending the Open Offer to the Shareholders in those jurisdictions. Therefore, such Shareholders are Qualifying Shareholders and the Prospectus Documents will be sent to them.

Any person (including but without limitation to nominee, agent and trustee) receiving the Prospectus Documents outside Hong Kong and wishing to take up the Offer Shares should satisfy himself/herself/itself as to the full observance of the laws of the relevant territory or jurisdiction including the obtaining of any governmental or other consents for observing any other formalities which may be required in such territory or jurisdiction, and to pay any taxes, duties and other amounts required to be paid in such territory or jurisdiction in connection therewith. Any acceptance of the Offer Shares by any person will be deemed to constitute a representation and warranty from such person to the Company that those local laws and requirements of the relevant territory or jurisdiction have been fully complied with. If Shareholders are in any doubt as to your position, Shareholders should consult their own professional advisers.

Subscription Price

The Subscription Price of HK\$0.06 per Offer Share, payable in full when a Qualifying Shareholder accepts the provisional allotment of the Offer Shares or applies for excess Offer Shares, represents a discount of 94% to the theoretical closing price of HK\$1.00 per Adjusted Share based on the closing price of HK\$0.01 per Share on 21st March, 2003, being the last trading day immediately before suspension in trading of the Shares on 24th March, 2003, and adjusted for the Share Consolidation.

The Subscription Price was agreed based on arm's length negotiations among the Company, the Provisional Liquidators, the Investor and the Underwriter. The Directors consider the terms of the Open Offer to be fair and reasonable so far as the interests of the Shareholders are concerned. The Directors consider that the significant discount represented by the Subscription Price as compared to the theoretical market prices of the Adjusted Shares will encourage the Shareholders to participate in the Open Offer and the recapitalisation of the Company.

Fractions of the Offer Shares

There will be no allotment of fractions of the Offer Shares and fractions of the Offer Shares which would otherwise form part of the provisional allotments (if any) will be gathered and made available for excess application or otherwise taken up by the Underwriter.

LETTER FROM THE BOARD

Board lot size of the Offer Shares

The Offer Shares will be traded in board lots of 20,000 Adjusted Shares.

Status of the Offer Shares

When fully paid, issued and allotted, the Offer Shares will rank pari passu in all respects with the then issued Adjusted Shares. Holders of the fully-paid Offer Shares will be entitled to receive all dividends and distributions declared, made or paid on or after the date of issue and allotment of the Offer Shares.

Share certificates and refund cheques

Subject to fulfillment of the conditions of the Open Offer, share certificates for fully-paid Offer Shares are expected to be posted at the risk of the Qualifying Shareholders on or about 22nd September, 2006. Refund cheques in respect of wholly or partially unsuccessful applications for excess Offer Shares are also expected to be posted at the risk of the Qualifying Shareholders on or about 22nd September, 2006.

Application for excess Offer Shares

Qualifying Shareholders may apply for the entitlements of the Excluded Shareholders and any Offer Shares provisionally allotted but not accepted by Qualifying Shareholders. Application can be made by completing the Excess Application Form and lodging the same with a remittance of the aggregate subscription price payable for the relevant excess Offer Shares. The Directors will allocate the excess Offer Shares at their discretion on a fair and equitable basis and will give preference to topping up odd lots to whole board lots.

The Shareholders with the Shares held by a nominee company should note that the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, the Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Offer Shares will not be extended to beneficial owners individually.

Conditions of the Open Offer

Completion of the Open Offer is conditional upon, among other things, fulfilment of the following conditions:

- (i) the passing of the resolutions by the Shareholders (with those interested Shareholder(s) to abstain from voting) to approve the Stage I Capital Reorganisation, the Group Reorganisation, the Subscription, the New Shares Placing and the Open Offer at the SGM;
- (ii) the passing of the resolution by way of poll by the Independent Shareholders to approve the Whitewash Waiver;
- (iii) the granting by the Executive of the Whitewash Waiver to the Investor;

LETTER FROM THE BOARD

- (iv) the Listing Committee of the Stock Exchange (a) agreeing to grant the listing of, and permission to deal in, the Offer Shares and (b) not having withdrawn or revoked such listing and permission on or before 4:00 p.m. on or before the third Business Day following the Acceptance Date;
- (v) the Stage I Capital Reorganisation becoming effective;
- (vi) the Restructuring Agreement becoming unconditional in all respects (save as the condition requiring the Open Offer becoming unconditional and/or the obligations of the Underwriter under the Underwriting Agreement not being terminated);
- (vii) compliance with the requirements under the applicable laws and regulations of Hong Kong and Bermuda;
- (viii) the clearance in principle by the Stock Exchange of an announcement to be issued by the Company (in the form approved by the Stock Exchange and (if applicable) the SFC) confirming the fulfilment of all conditions precedent to completion of the Restructuring Agreement and the date on which resumption of trading in the securities of the Company will occur which shall not be later than two Business Days after the publication of such announcement; and
- (ix) the obligations of the Underwriter under the Underwriting Agreement not being terminated by the Underwriter in accordance with its terms.

None of the above conditions is waivable by the Company or the Underwriter. As at the Latest Practicable Date, conditions (i), (ii), (iii) and (v) have been fulfilled. In the event that the above conditions have not been satisfied on or before 4:00 p.m. on Saturday, 30th September, 2006 (or such other date as may be agreed among the Underwriter, the Provisional Liquidators, the Investor and the Company), all liabilities of the parties to the Underwriting Agreement shall cease and determine and no party shall have any claim against the other party save for any antecedent breach thereof, and the Open Offer will not proceed.

UNDERWRITING AGREEMENT

Date:	13th April, 2006
Underwriter:	Grand Vinco
Number of the Offer Shares underwritten:	145,372,626 Offer Shares
Commission:	2.5% of the aggregate Subscription Price for the Underwritten Shares

To the best knowledge of the Directors and the Provisional Liquidators after making all reasonable enquiries, the Underwriter and its controlling shareholder are third parties independent of the Company and its connected persons.

LETTER FROM THE BOARD

Termination of the Underwriting Agreement

The Underwriter may terminate its obligations under the Underwriting Agreement by notice in writing issued to the Company at any time prior to 4:00 p.m. on the third Business Day after the Acceptance Date if there occurs:

- (i) any new law or regulation or any change (whether or not forming part of a series of changes) in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature by any court or other competent authority of any jurisdiction relevant to the Group shall have been introduced or effected; or
- (ii) any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national and international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets shall have been occurred; or
- (iii) any adverse change in the business or in the financial position or the prospects of the Group as a whole; or
- (iv) any event, or series of events, beyond the control of the Underwriter (including without limitation, any act of God, acts of government, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic or threatened epidemic (including but not limited to severe acute respiratory syndrome, bird flu and other viruses of an epidemic nature), terrorism, strike or lock-out shall have occurred, happened or come into effect; or
- (v) any adverse change in market conditions (including without limitation, a change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or restriction of trading in securities and a change in currency conditions for the purpose of this clause includes a change in the system which the value of Hong Kong currency is pegged with that of the currency of the United States of America) shall have been occurred; or
- (vi) any event, or series of events which in the opinion of the Underwriter has or is likely to have the effect of making any part of the Underwriting Agreement incapable of performance in accordance with its terms or which prevents the processing of the Open Offer; or
- (vii) any adverse change or development in the conditions of Hong Kong and the PRC or international equity securities markets; or

LETTER FROM THE BOARD

- (viii) the imposition of economic sanctions, in whatever form, directly and indirectly, by the United States, the European Union (or any member thereof) or any other country or organisation in Hong Kong, the PRC or any other jurisdiction relevant to the Group; or
- (ix) a change or development occurs involving a prospective change in taxation or exchange control (or the implementation of any exchange control) or foreign investment regulations in the PRC, Hong Kong or any jurisdiction relevant to the Group;

which, in the reasonable opinion of the Underwriter:

- (1) is or will or is likely to be adverse to the business, financial or other condition or prospects of the Group or, in the case of paragraph (ix) above, to the prospective shareholders as a whole or generally in their capacity as such; or
- (2) has or will or is likely to have an adverse effect on the success of the Open Offer or the level of the Offer Shares being accepted or distribution of the Offer Shares; or
- (3) makes it inadvisable or inexpedient to proceed with the underwriting or the delivery of the Offer Shares on the terms and in the manner contemplated by the Underwriting Agreement or other relevant documents;

then the Underwriter may in its absolute discretion, upon giving notice in writing to the Company terminate the Underwriting Agreement with immediate effect. Should this occur, the Underwriting Agreement shall cease to have effect and none of the parties to the Underwriting Agreement shall have any rights or claims to the other parties by reason thereof.

The Underwriter shall be entitled by notice in writing to the Company, served prior to 4:00 p.m. on the third Business Day after the Acceptance Date to rescind the Underwriting Agreement if:

- (i) the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed to be assumed by it under the Underwriting Agreement which breach or omission will have adverse effect on its financial position as a whole; or
- (ii) the Underwriter shall either receive notification pursuant to the terms of the Underwriting Agreement or otherwise become aware of, the fact that any of the representations or warranties contained in the Underwriting Agreement was, when given, untrue or inaccurate or would be untrue or inaccurate if repeated as provided in the Underwriting Agreement, and the Underwriter shall, in its reasonable opinion, determine that any such untrue

LETTER FROM THE BOARD

representation or warranty represents or is likely to represent an adverse change in the financial position of the Group taken as a whole or is otherwise likely to have a prejudicial effect on the Open Offer; or

- (iii) the Company shall, after any matter or event referred to in the Underwriting Agreement has occurred or come to the Underwriter's attention, fail promptly to send out any announcement or circular (after the despatch of the Prospectus Documents), in such manner (and as appropriate with such contents) as the Underwriter may reasonably request for the purpose of preventing the creation of a false market in the securities of the Company.

If the Underwriter terminates or rescinds the Underwriting Agreement, the Open Offer will not proceed.

LETTER FROM THE BOARD

SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company as at the Latest Practicable Date and changes in the shareholding of the Company upon completion of the Restructuring Proposal (assuming the Placing Shares are subscribed in full and all the Sale Shares are successfully placed):

	As at the Latest Practicable Date		Upon completion of the Restructuring Proposal and assuming zero acceptance of the Offer Shares by existing Shareholders		Upon completion of the Restructuring Proposal and assuming 100% acceptance of the Offer Shares by existing Shareholders	
	Number of the Adjusted Shares	%	Number of the Adjusted Shares	%	Number of the Adjusted Shares	%
Investor	–	0.00%	2,271,250,000	75.00%	2,271,250,000	75.00%
Placees and other Shareholders						
Placees of New Shares						
Placing	–	0.00%	374,627,374	12.37%	374,627,374	12.37%
Placees of Sale Shares						
Placing	–	0.00%	156,500,000	5.17%	156,500,000	5.17%
Underwriter or independent subscribers of the Offer Shares procured by it	–	0.00%	145,372,626	4.80%	–	0.00%
	–	0.00%	676,500,000	22.34%	531,127,374	17.54%
Existing Shareholders						
Vandor Profits Limited (Note 1)	6,187,202	7.66%	6,187,202	0.20%	17,324,166	0.57%
Bank of China (HK) Nominees Ltd.	18,119,402	22.44%	18,119,402	0.60%	50,734,326	1.68%
Existing public Shareholders	56,455,966	69.90%	56,455,966	1.86%	158,076,704	5.21%
	80,762,570	100.00%	80,762,570	2.66%	226,135,196	7.46%
Total	<u>80,762,570</u>	<u>100.00%</u>	<u>3,028,512,570</u>	<u>100.00%</u>	<u>3,028,512,570</u>	<u>100.00%</u>
Public float	<u>56,455,965</u>	<u>69.90%</u>	<u>757,262,570</u>	<u>25.00%</u>	<u>757,262,570</u>	<u>25.00%</u>

Note:

- Vandor Profits Limited is indirectly controlled by Mr. Wu, an executive Director.

LETTER FROM THE BOARD

REASONS FOR THE OPEN OFFER AND USE OF PROCEEDS

As stated in the Document, the Group suffered severe financial difficulties in 2002 and 2003 and lost control of a number of principal subsidiaries.

Since the entering into of the Costs Escrow Agreement in June 2004, the Investor has made available working capital to the Group for its business reactivation. In addition, the Investor has helped to set up the sales team of the Group by employing experienced staff in the consumer electronic products industry. The Group has been able to reactivate its business in the sale of consumer electronic products including DVD players, home theatre systems and television sets from June 2004 onwards by subcontracting production to independent third parties. Since then, progress has been made towards restoring the Group to an active and healthy state. The Directors consider that due to financial constraints, instead of manufacturing and selling consumer electronic products as in the past, the Group's current business model is to concentrate on product design, marketing and customers relationships. All production work is now subcontracted to independent third parties.

The primary objectives of the Restructuring Proposal, which the Open Offer forms a part, are (i) to inject new capital into the Company for settlement, through the Creditors' Schemes, of the Indebtedness which, for reference purpose, based on the books and records available to the Company, amounted to approximately HK\$351.7 million as at 31st December, 2005; and (ii) to strengthen the Restructured Group's financial position. Upon completion of the Restructuring Proposal, the Company would have been emerged from provisional liquidation.

The aggregate net proceeds from the Subscription, the Open Offer and the New Shares Placing of approximately HK\$105 million will be applied by the Company as follows:

- HK\$21.5 million for the settlement of the Indebtedness pursuant to the Creditors' Schemes, subject to a maximum deduction of approximately HK\$1 million for payment for the Scheme Administration Costs and related petition costs;
- where suitable manufacturing facility is identified, up to HK\$20 million for such investment; and
- the remaining balance of HK\$63.5 million will be retained for the present as working capital for the Restructured Group. However, the Directors will continue to seek new business opportunities to improve the Restructured Group's profitability and prospects and may consider using a portion of the balance to diversify the Restructured Group's business should appropriate investment opportunities arise.

LISTING AND DEALINGS

Application has been made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Offer Shares to be issued pursuant to the Open Offer. Dealings in the Offer Shares that are on the branch register of the Company in Hong Kong will be subject to the payment of stamp duty in Hong Kong.

LETTER FROM THE BOARD

Subject to the granting of the listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Shareholders should note that transfer of the Adjusted Shares has become ex-entitlements to the Open Offer as from 24th August, 2006 and that transfer of the Adjusted Shares may take place whilst the conditions to which the Open Offer is subject remain unfulfilled. Any Shareholder or other person transferring the Adjusted Shares up to the date on which all conditions to which the Open Offer is subject are fulfilled (which is expected to be 20th September, 2006), will accordingly bear the risk that the Open Offer cannot become unconditional and may not complete. Any Shareholder or other person contemplating selling or purchasing Adjusted Shares who is in any doubt about his or her position is recommended to consult his or her own professional adviser.

BUSINESS REVIEW AND PROSPECTS OF THE GROUP

Before suffering from severe financial difficulties in 2002 and 2003, the Group was principally engaged in the manufacture and sale of consumer electronic products including television and audio visual products and their respective components. As a result of the financial difficulties suffered by the Group since 2002, the operation of the Group was scaled down substantially. Since the entering into of the Costs Escrow Agreement, the Group has changed its business model to focus on the sale and marketing of consumer electronic products, product design and customer relationships, with manufacturing work being subcontracted out to independent third parties. Much of the Group's business operation has been carried out by Innovision, being the principal subsidiary of the Company, since 18th June, 2004.

Following completion of the Restructuring Proposal, the Investor intends that the Restructured Group will continue its existing principal business of sale and marketing of consumer electronic products including television sets, DVD players and home theatre systems, and will continue to undertake product design and marketing. Manufacturing work will still be subcontracted to independent third parties before acquiring suitable manufacturing facilities. The Investor has identified, on behalf of the Company, a potential seller of suitable manufacturing facilities. Upon completion of the Restructuring Proposal, if agreement can be reached with the potential seller, the Company will invest in a manufacturing facility for production of its consumer electronic products. The Investor does not intend to re-deploy or dispose of any of the assets of the Restructured Group other than in the ordinary course of business. The Investor has no intention of injecting any assets or business to the Restructured Group. The Restructured Group will continue to seek new business opportunities to improve the Group's profitability and prospects, which may include the forming of joint ventures in the PRC. The Investor is exploring, on behalf of the Company, the fast growing commodity sector which includes oil-related and non-ferrous

LETTER FROM THE BOARD

metal business. In this regard, memoranda of understanding have been signed respectively between the Company and two independent Chinese parties on 2nd August, 2006, which could lead to the Company acquiring up to a 50% equity interest in a PRC business principally engaged in the trading of non-ferrous metals and related businesses. Negotiations are still in progress and no definite agreement has been reached so far. The pricing of the acquisitions, if materialise, will be subject to further negotiations between the Company and the relevant parties with reference to the results of due diligence exercise and/or property valuation. Further announcement(s) will be made by the Company on the progress of the aforesaid acquisitions as and when appropriate.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE-MONTH PERIOD

Save for the Subscription, the Open Offer and the New Shares Placing which form part and parcel of the Restructuring Proposal (which are yet to be completed), the Company has not conducted any equity fund raising activities in the past twelve-month period immediately prior to the Latest Practicable Date.

PROCEDURE FOR ACCEPTANCE AND PAYMENT

A PAL and an Excess Application Form are enclosed with this Prospectus which entitle the Qualifying Shareholders to apply for any number of Offer Shares. Qualifying Shareholders should note that they may apply for any number of Offer Shares but are assured of an allotment only up to the number set out in the PAL. If you are a Qualifying Shareholder and you wish to apply for any number of Adjusted Shares in your assured allotment of Offer Shares to which you are entitled as specified in the enclosed PAL, you must complete, sign and lodge the PAL in accordance with the instructions printed thereon, together with remittance for the aggregate Subscription Price in respect of the Offer Shares applied for, with the Registrar at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong by no later than 4:00 p.m. on Friday, 15th September, 2006. All remittances must be made in Hong Kong dollars and cheques or cashier's orders must be drawn on a bank account in Hong Kong and made payable to "Great Wall Cybertech Limited (Provisional Liquidators appointed) – Open Offer Account" and crossed "Account Payee Only".

It should be noted that unless the PAL, together with the appropriate remittance, has been lodged with the Registrar by not later than 4:00 p.m. on Friday, 15th September, 2006, that assured entitlement and all rights thereunder will be deemed to have been declined and will be cancelled.

Any Offer Shares not validly applied for by the Qualifying Shareholders will be made available for application by the Qualifying Shareholders by completing and signing the enclosed Excess Application Form in accordance with the instruction printed thereon, together with separate remittance for the aggregate Subscription Price in respect of such number of excess Offer Shares you have applied for with the Registrar by not later than 4:00 p.m. on Friday, 15th September, 2006. All remittance must be made in Hong Kong dollars and cheques or cashier's orders must be drawn on a bank account in Hong Kong and made payable to "Great Wall Cybertech Limited (Provisional Liquidators appointed) – Excess Application Account" and crossed "Account Payee Only". The Directors will allocate

LETTER FROM THE BOARD

the excess Offer Shares at their discretion on a fair and equitable basis and will give preference to topping up odd lots to whole board lots. If you have applied for Offer Shares in excess of your assured entitlement and the Offer Shares allotted to you is less than that applied for, the surplus moneys will be refunded to you by cheque, in the manner described below which is expected to be despatched on or about 22nd September, 2006.

The PAL and the Excess Application Form contain full information regarding the procedures to be followed if you wish to apply for a number of Offer Shares different to that in your assured entitlement.

If the conditions of the Open Offer are not fulfilled, the application monies will be refunded, without interests, by sending a cheque made out to the applicant (or in the case of joint applicants, to the first-named applicant) and crossed "Account Payee Only", through ordinary post at the risk of the applicant(s) to the address specified in the register of members of the Company.

All cheques or cashier's orders will be presented for payment upon receipt and all interest earned on such monies will be retained for the benefit of the Company. Any application in respect of which the cheque or cashier's order is dishonoured on first presentation is liable to be rejected, and in that event the PAL and the Excess Application Form and all rights thereunder will be rejected.

The PAL and the Excess Application Form are for use only by the person(s) named therein and are not transferable.

No receipt will be issued in respect of any application monies received.

PLACINGS

As disclosed in the Document, pursuant to the Restructuring Proposal and as additional measures to restore the 25% public float as required under the Listing Rules, (i) the Company, the Provisional Liquidators and Grand Vinco as the Placing Agent entered into the New Shares Placing Agreement on 13th April, 2006 pursuant to which the Placing Agent agreed to place up to 374,627,374 Placing Shares at no less than HK\$0.06 each, and (ii) the Investor, the Company and the Placing Agent entered into the Sale Shares Placing Agreement on 13th April, 2006 pursuant to which the Placing Agent agreed to place up to 156,500,000 Sale Shares at no less than HK\$0.06 each. Pursuant to the above agreements, the Placing Agent will procure, for each of the New Shares Placing and Sale Shares Placing, on a best efforts basis, no less than six independent investors who are third parties independent of the Company and its connected persons and the Investor to subscribe or purchase the Placing Shares and the Sale Shares. Although the price of the Placings will not be less than HK\$0.06 per Placing Share or per Sale Share, the actual pricing of the Placings has not yet fixed and may be significantly above HK\$0.06. The pricing will be determined based on, among other things, market conditions at the time of the Placings (expected to be around mid-September) and investors' attitude towards the Restructured Group.

LETTER FROM THE BOARD

GENERAL

Your attention is drawn to the information contained in the appendices to this Prospectus.

Yours faithfully,

For and on behalf of the Board
Great Wall Cybertech Limited
(Provisional Liquidators appointed)
Derek Lai
Joint and Several Provisional Liquidator

For and on behalf of the Board
Great Wall Cybertech Limited
(Provisional Liquidators appointed)
Tse On Kin
Director

1. SHARE CAPITAL

The authorised and issued share capitals of the Company as at the Latest Practicable Date were, and following completion of the Restructuring Proposal will be, as follows:

HK\$

Authorised:

<u>25,000,000,000</u>	Adjusted Shares	<u>250,000,000</u>
-----------------------	-----------------	--------------------

Issued and fully paid as at the Latest Practicable Date:

<u>80,762,570</u>	Adjusted Shares	<u>807,625.70</u>
-------------------	-----------------	-------------------

Issued and fully paid upon completion of the Restructuring Proposal:

80,762,570	Adjusted Shares	807,625.70
2,271,250,000	Adjusted Shares to be issued to the Investor	22,712,500.00
156,500,000	Sale Shares	1,565,000.00
145,372,626	Offer Shares	1,453,726.26
<u>374,627,374</u>	Placing Shares	<u>3,746,273.74</u>
<u>3,028,512,570</u>		<u>30,285,125.70</u>

All the existing issued Adjusted Shares rank pari passu in all respects including all rights as to dividends, voting and capital. All Adjusted Shares to be in issue following completion of the Restructuring Proposal will rank pari passu in all respects with each other including as regards to dividends, voting and return of capital.

Under the share option scheme adopted by the Company, the Directors may, at their discretion, invite employees of the Group, including Directors, to take up options to subscribe for the Adjusted Shares. As at the Latest Practicable Date, neither the Company nor any member of the Group has any outstanding options, warrants or other securities convertible or exchangeable into Adjusted Shares, and save and except for the share option scheme, no other share or loan capital of the Company had been put under option or agreed conditionally or unconditionally to be put under option and no other conversion right affecting the Adjusted Shares or other derivatives in respect of securities of the Company which are being offered for or which carry voting rights had been issued or granted or agreed conditionally or unconditionally to be issued or granted by the Company.

The Adjusted Shares are listed on the Stock Exchange. No part of the securities of the Company is listed or dealt in, nor is listing or permission to deal in the securities of the Company being or proposed to be sought, on any other stock exchange.

2. THREE YEARS FINANCIAL SUMMARY

The following information has been extracted from the audited financial statements of the Group for each of the three years ended 31st December, 2005.

Consolidated profit and loss account

Results	Year ended 31st December		
	2005	2004	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	513,610	119,677	59,070
Cost of sales	<u>(498,221)</u>	<u>(117,147)</u>	<u>(77,374)</u>
Gross profit (loss)	15,389	2,530	(18,304)
Other revenue	2,139	–	475
Selling and distribution costs	(236)	(202)	(501)
Administrative expenses	<u>(6,944)</u>	<u>(6,989)</u>	<u>(9,710)</u>
	10,348	(4,661)	(28,040)
Gain on deconsolidation of subsidiaries	–	205,229	–
Impairment losses for amounts due from subsidiaries not consolidated	(37)	(19)	(6,056)
Other operating expenses	<u>–</u>	<u>–</u>	<u>(642)</u>
Profit (loss) from operating activities	10,311	200,549	(34,738)
Finance costs	<u>(300)</u>	<u>(42)</u>	<u>(959)</u>
Profit (loss) before taxation	10,011	200,507	(35,697)
Taxation	<u>(1,810)</u>	<u>(57)</u>	<u>–</u>
Profit (loss) attributable to shareholders	<u><u>8,201</u></u>	<u><u>200,450</u></u>	<u><u>(35,697)</u></u>
Earnings (loss) per share			
Basic	<u><u>0.1 cents</u></u>	<u><u>2.4 cents</u></u>	<u><u>(0.4 cents)</u></u>
Diluted	<u><u>N/A</u></u>	<u><u>N/A</u></u>	<u><u>N/A</u></u>

Consolidated balance sheet*as at 31 December*

	2005	2004	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
NON-CURRENT ASSETS			
Fixed assets	<u>67</u>	<u>72</u>	<u>21,114</u>
CURRENT ASSETS			
Interests in subsidiaries not consolidated	–	–	–
Inventories	–	–	16,889
Trade receivables	7,930	1,080	4,450
Prepayments, deposits and other receivables	5,926	221	4,829
Cash and bank balances	<u>59</u>	<u>1,159</u>	<u>755</u>
	<u>13,915</u>	<u>2,460</u>	<u>26,923</u>
CURRENT LIABILITIES			
Trade payables	2,791	–	4,659
Amounts due to subsidiaries not consolidated	7,885	7,696	219,752
Other payables and accruals	295,816	297,357	307,557
Current portion of finance lease obligations	–	–	3,334
Profits tax payable	<u>1,867</u>	<u>57</u>	<u>–</u>
	<u>308,359</u>	<u>305,110</u>	<u>535,302</u>
NET CURRENT LIABILITIES	<u>(294,444)</u>	<u>(302,650)</u>	<u>(508,379)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>(294,377)</u>	<u>(302,578)</u>	<u>(487,265)</u>
NON-CURRENT LIABILITIES			
Finance lease obligations	<u>–</u>	<u>–</u>	<u>(10,293)</u>
	<u>(294,377)</u>	<u>(302,578)</u>	<u>(497,558)</u>
CAPITAL AND RESERVES			
Issued capital	80,763	80,763	80,763
Reserves	<u>(375,140)</u>	<u>(383,341)</u>	<u>(578,321)</u>
	<u>(294,377)</u>	<u>(302,578)</u>	<u>(497,558)</u>

3. AUDITED FINANCIAL INFORMATION

Set out below is the reproduction of the report of the auditors and the audited financial statements of the Group for the year ended 31st December, 2005 as extracted from the 2005 annual report of the Company (the references to pages and note numbers set out below are the pages and note numbers of the annual report of the Company for the year ended 31st December, 2005):

**“TO THE SHAREHOLDERS OF GREAT WALL CYBERTECH LIMITED
(Provisional Liquidators Appointed)
(incorporated in Bermuda with limited liability)**

We have audited the financial statements on pages 15 to 42 which have been prepared in accordance with accounting principles generally accepted in Hong Kong, other than as set out below.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Directors are responsible for the preparation of financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently, that judgement and estimates are made which are prudent and reasonable and that the reasons for any significant departure from applicable accounting standards are stated.

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

BASIS OF OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) except that the scope of our work was limited as explained below.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company’s and the Group’s circumstances, consistently applied and adequately disclosed.

We planned our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. However, the evidence available to us was limited as set out below.

1. Our report on the financial statements of the Group for the year ended 31 December 2004 was disclaimed in view of the pervasive nature of the limitations on the scope of our audit resulting from the inability of the Directors to locate sufficient documentary information. It was explained by the Directors that due to liquidation of certain significant subsidiaries or their immediate holding companies and the seizure of the major assets and production facilities of certain significant subsidiaries under the court orders and most of the accounting personnel of the Group have left, the Directors have been unable to obtain sufficient documentary information for audit purposes. Accordingly, we were unable to form an opinion as to whether the net liabilities of the Company and the Group as at 31 December 2004 and the results of the Group for the year ended 31 December 2004 were fairly stated. Any adjustments to the opening balances as at 1 January 2005 would affect the net liabilities of the Company and the Group as at 31 December 2005 and the results and cash flows of the Group for the year ended 31 December 2005. Also the comparative figures in respect of the net liabilities of the Company and of the Group as at 31 December 2004 and the results and cash flows of the Group for the year ended 31 December 2004 may not be comparable with the figures for the current year.

As shown in note 3(ii)(a) to the financial statements, the Directors confirmed that they had not received any further information concerning the progress and possible outcome of the liquidation or seizure of the assets of the aforesaid subsidiaries or their immediate holding companies since the date of approval of the last year's financial statements. Any changes to the above status of liquidation or possible outcome from the seizure of assets of these subsidiaries or their immediate holding companies might have a consequential effect on the net liabilities of the Group and the Company as at 31 December 2005 and the results and cash flows of the Group for the year ended 31 December 2005.

2. As explained by the Directors in note 3(ii) & (iii) to the financial statements that due to liquidation of certain significant subsidiaries or their immediate holding companies and the seizure of the major assets and production facilities of certain significant subsidiaries under the court orders and most of the accounting personnel of the Group have left, the Directors have been unable to obtain sufficient documentary information to satisfy themselves regarding the treatment of various balances of the Group and the Company as at 31 December 2005 and have formed the opinion as follows:
 - (a) As further explained by the Directors in note 3(iii)(a) to the financial statements, the Directors were unable to obtain sufficient documentary evidence to support other payables of approximately HK\$293,807,000 (2004: HK\$293,978,000) included in the Group's and the Company's balance sheet as at 31 December 2005, including the liabilities under indemnities given to subsidiaries not consolidated of approximately HK\$291,130,000 (2004: HK\$291,130,000). Accordingly the Directors were unable to satisfy themselves as to whether these amounts are fairly stated in the financial statements.

- (b) As further explained by the Directors in note 3(iii)(b) to the financial statements, the Directors were unable to satisfy themselves as to whether the amounts of approximately HK\$5,983,000 (2004: HK\$5,983,000) due to certain subsidiaries not consolidated and subsidiaries of the Company included in the Group's and Company's balance sheet respectively are fairly stated as at 31 December 2005.
- (c) As further explained by the Directors in note 3(iii)(c) to the financial statements, the financial statements have been prepared based on the available books and records maintained by the Company and its subsidiaries. However, in view of the lack of evidence available, the Directors were unable to represent as to the completeness of recording of all transactions entered into by the Company and its subsidiaries for the years ended 31 December 2004 and 2005. In this context, the Directors are also unable to represent as to the correctness and completeness of identification and disclosures of directors' and employees' emoluments in note 9, property, plant and equipment in note 14, details of the retirement benefits scheme and employee benefits in note 22 and taxation in note 10 to the financial statements.
- (d) The Directors have formed the opinion that the amounts due from subsidiaries not consolidated to the Group of approximately HK\$1,285,720,000 (2004: HK\$1,285,690,000) and amounts due from subsidiaries to the Company of approximately HK\$1,285,670,000 (2004: HK\$1,285,670,000) included in the Group's and the Company's balance sheet respectively as at 31 December 2005 cannot be recovered. Accordingly, the Directors have made provisions against these amounts. However, we were unable to obtain sufficient information and explanations regarding the basis upon which the Directors have determined the amount of such provisions. Accordingly, we were unable to satisfy ourselves as to whether the provisions against these amounts as included in the consolidated income statement in current and prior years were appropriate and the amounts due from these subsidiaries, after net of provisions, are fairly stated at the balance sheet date.
- (e) As further explained by the Directors in note 3(iii)(e) to the financial statements, in the absence of sufficient information and documentary evidence concerning details of share options of the Company as disclosed in note 19 to the financial statements, we are unable to ascertain whether the Company is in compliance with the Hong Kong Financial Reporting Standard("HKFRS") 2 "Share-based Payments" issued by the HKICPA and it is also not practicable to quantify the effect of the non-compliance with HKFRS 2. In addition, because of insufficient information and documentary evidence available to us, we are unable to ascertain the completeness of the disclosures of the Company's share options as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

In addition, for the same reasons stated above, we have not been able to obtain all necessary information for us to complete our review of subsequent events from the balance sheet date up to the date of this report. Such procedures might have resulted in the identification of adjustments to the amounts reported in and/or disclosed as notes to the financial statements of the Group as at 31 December 2005.

There were no other satisfactory audit procedures that we could adopt to satisfy ourselves as to the matters set out in paragraph 2 above. Any adjustments to the above figures would as appropriate affect the net liabilities of the Company and the Group as at 31 December 2005 and the profit and cash flows of the Group for the year ended 31 December 2005.

In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provide a reasonable basis for our opinion.

FUNDAMENTAL UNCERTAINTY RELATED TO THE GOING CONCERN BASIS

In forming our opinion, we have considered the adequacy of the disclosures in note 3(i) to the financial statements concerning the adoption of the going concern basis on which the financial statements have been prepared. As explained in note 3(i) to the financial statements, the Company has experienced financial difficulties and is currently negotiating with a potential investor for the purpose of restructuring of the Company's indebtedness and revitalising the Group's financial position and business. The financial statements have been prepared on a going concern basis, the validity of which depends upon the successful outcome of the measures to be implemented and in process by the Group to improve the financial position and business of the Group. The financial statements do not include any adjustments that would result from the failure of these measures. We consider that the appropriate disclosures have been made but, because of the significant uncertainties relating to the outcome of the restructuring proposal are so extreme, we are not able to determine whether the going concern basis used in preparing these financial statements is appropriate. Accordingly, we have disclaimed our opinion.

QUALIFICATION ARISING FROM DISAGREEMENT ABOUT ACCOUNTING TREATMENT

1. As detailed in note 16(a) to the financial statements, the consolidated financial statements do not include the results and cash flows of certain subsidiaries, which either themselves or their immediate holding companies are in the course of liquidation or their major assets and production facilities located in the People's Republic of China were seized under court orders as security for unsettled claims, up to the respective dates of appointment of liquidators as ordered by the courts. This treatment is not in accordance with the requirements of Hong Kong Accounting Standard ("HKAS") 27 "Consolidated and Separate Financial Statements" issued by the HKICPA and the Hong Kong Companies Ordinance. In our opinion, there is insufficient information concerning these subsidiaries in the financial statements to give a true and fair view of

the state of affairs of the Group as at 31 December 2005 and of the results and cash flows of the Group for the year ended 31 December 2005. It is not practicable to quantify the effect of the departure from this requirement.

2. As detailed in note 16(b) to the financial statements, the financial statements of the Group do not consolidate the financial statements of certain subsidiaries. This treatment is not in accordance with the requirements of HKAS 27 and the Hong Kong Companies Ordinance. In our opinion, there is insufficient information concerning these subsidiaries in the financial statements to give a true and fair view of the state of affairs of the Group as at 31 December 2005 and of the results and cash flows of the Group for the year ended 31 December 2005. It is not practicable to quantify the effect of the departure from this requirement.

QUALIFICATION ARISING FROM DISAGREEMENTS ABOUT THE EXTENT OF DISCLOSURES

As explained in note 3(iii)(d) to the financial statements, due to limited books and records available to the Directors, the following disclosures have not been made in the financial statements:

1. Disclosures in respect of finance lease obligations as required by HKAS 17 “Leases”;
2. Segment information disclosures as required by HKAS 14 “Segment Reporting” and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
3. Details of analysis of pledge of assets as required by the Hong Kong Companies Ordinance;
4. Details of deferred taxation as required by HKAS 12 “Income Taxes”;
5. Details of related party disclosures as required by HKAS 24 “Related Party Disclosures”;
6. Details of the Group’s financial risk management objectives and policies as required by HKAS 32 “Financial Instruments: Disclosure and Presentation”; and
7. Details of contingent liabilities and commitments as required by the Hong Kong Companies Ordinance and relevant HKASs.

DISCLAIMER OF OPINION

Because of the significance of each of (i) the possible effect of the limitations in evidence available to us as set out in the basis of opinion section of this report; and (ii) the fundamental uncertainty relating to the going concern basis and (iii) the non-compliance of certain disclosure requirements as mentioned above, we are unable to form an opinion as to whether the financial statements give a true and fair view of the state of affairs of the

Company and of the Group as at 31 December 2005 and of the profit and cash flows of the Group for the year then ended and as to whether the financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

In respect of the limitations on our work as set out in the basis of opinion section of this report:

- We have not obtained all the information and explanations that we consider necessary for the purpose of our audit; and
- We were unable to determine whether proper books of accounts have been kept.

TING HO KWAN & CHAN
Certified Public Accountants (practising)

Hong Kong, 28 April 2006

Consolidated income statement*for the year ended 31 December 2005*

	<i>Notes</i>	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
TURNOVER	5	513,610	119,677
COST OF SALES		<u>(498,221)</u>	<u>(117,147)</u>
GROSS PROFIT		15,389	2,530
OTHER INCOME AND GAINS, NET	5	2,139	–
SELLING AND DISTRIBUTION COSTS		(236)	(202)
ADMINISTRATIVE EXPENSES		(6,981)	(7,008)
GAIN ON DECONSOLIDATION OF SUBSIDIARIES	6	–	205,229
FINANCE COSTS	7	<u>(300)</u>	<u>(42)</u>
PROFIT BEFORE TAXATION	8	10,011	200,507
TAXATION	10	<u>(1,810)</u>	<u>(57)</u>
PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	12	<u><u>8,201</u></u>	<u><u>200,450</u></u>
EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY DURING THE YEAR	13		
Basic		<u><u>0.1 cents</u></u>	<u><u>2.4 cents</u></u>
Diluted		<u><u>N/A</u></u>	<u><u>N/A</u></u>

Consolidated balance sheet*at 31 December 2005*

	<i>Notes</i>	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	<i>14</i>	<u>67</u>	<u>72</u>
CURRENT ASSETS			
Interests in subsidiaries not consolidated	<i>16</i>	–	–
Trade and other receivables	<i>17</i>	13,856	1,301
Bank balances		<u>59</u>	<u>1,159</u>
		<u>13,915</u>	<u>2,460</u>
CURRENT LIABILITIES			
Amounts due to subsidiaries not consolidated		7,885	7,696
Trade and other payables	<i>18</i>	298,607	297,357
Profits tax payable		<u>1,867</u>	<u>57</u>
		<u>(308,359)</u>	<u>(305,110)</u>
NET CURRENT LIABILITIES		<u>(294,444)</u>	<u>(302,650)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES/NET LIABILITIES		<u><u>(294,377)</u></u>	<u><u>(302,578)</u></u>
EQUITY			
CAPITAL AND RESERVES ATTRIBUTABLE TO THE COMPANY'S EQUITY HOLDERS			
Issued capital	<i>19</i>	80,763	80,763
Reserves	<i>20</i>	<u>(375,140)</u>	<u>(383,341)</u>
		<u><u>(294,377)</u></u>	<u><u>(302,578)</u></u>

Wu Shaozhang
Chairman

Tse On Kin
Vice-chairman

Balance sheet*at 31 December 2005*

	<i>Notes</i>	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
ASSETS			
NON-CURRENT ASSETS			
Interests in subsidiaries	<i>15</i>	(7,333)	(6,870)
CURRENT LIABILITIES			
Trade and other payables	<i>18</i>	(293,807)	(293,978)
TOTAL ASSETS LESS CURRENT LIABILITIES/NET LIABILITIES		<u>(301,140)</u>	<u>(300,848)</u>
EQUITY			
CAPITAL AND RESERVES ATTRIBUTABLE TO THE COMPANY'S EQUITY HOLDERS			
Issued capital	<i>19</i>	80,763	80,763
Reserves	<i>20</i>	(381,903)	(381,611)
		<u>(301,140)</u>	<u>(300,848)</u>

Wu Shaozhang
Chairman

Tse On Kin
Vice-chairman

Consolidated statement of changes in equity
for the year ended 31 December 2005

	Attributable to equity holders of the Company						Total
	Share capital	Share premium account	Capital redemption reserve	Contributed surplus account	Exchange fluctuation reserve	Accumulated losses	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2004	80,763	792,011	9,924	145,372	5,470	(1,531,098)	(497,558)
Realised upon deconsolidation	–	–	–	–	(5,470)	–	(5,470)
Profit for the year	–	–	–	–	–	200,450	200,450
At 31 December 2004	80,763	792,011	9,924	145,372	–	(1,330,648)	(302,578)
Profit for the year	–	–	–	–	–	8,201	8,201
At 31 December 2005	<u>80,763</u>	<u>792,011</u>	<u>9,924</u>	<u>145,372</u>	<u>–</u>	<u>(1,322,447)</u>	<u>(294,377)</u>

Consolidated cash flow statement
for the year ended 31 December 2005

	<i>Notes</i>	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		8,201	200,450
Adjustments for:			
Taxation	<i>10</i>	1,810	57
Depreciation	<i>14</i>	24	3
Impairment losses for:			
Trade and other receivables	<i>8</i>	661	11
Amounts due from subsidiaries not consolidated	<i>8</i>	37	19
Gain on deconsolidation of subsidiaries	<i>6</i>	–	(205,229)
Finance costs	<i>7</i>	300	42
		<u>11,033</u>	<u>(4,647)</u>
Changes in working capital:			
Trade and other receivables		(13,216)	(1,301)
Amounts due from subsidiaries not consolidated		(37)	(19)
Amounts due to subsidiaries not consolidated		189	1,712
Trade and other payables		<u>1,250</u>	<u>5,529</u>
Net cash (used in)/generated from operations		(781)	1,274
Interest paid		<u>(300)</u>	<u>(42)</u>
Net cash (used in)/generated from operating activities		<u>(1,081)</u>	<u>1,232</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash outflow in respect of deconsolidation of subsidiaries	<i>21</i>	–	(753)
Purchase of property, plant and equipment		<u>(19)</u>	<u>(75)</u>
Net cash used in investing activities		<u>(19)</u>	<u>(828)</u>
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS			
		(1,100)	404
Cash and cash equivalents at beginning of the year		<u>1,159</u>	<u>755</u>
CAH AND CASH EQUIVALENTS AT END OF THE YEAR			
Bank balances		<u><u>59</u></u>	<u><u>1,159</u></u>

Notes to the financial statements

for the year ended 31 December 2005

1. CORPORATE INFORMATION AND UPDATE

The Company was incorporated in Bermuda with limited liabilities and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The registered office of the Company in Hong Kong is located at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda. The address of the principal place of business of the Company is 26th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong. The Company's shares have been suspended for trading on the Stock Exchange since 24 March 2003.

The Company is an investment holding company. The principal activities of the Company's subsidiaries of which their financial statements have been consolidated at 31 December 2005 are set out in note 15 to the financial statements.

2. WINDING-UP PETITION AND APPOINTMENT OF PROVISIONAL LIQUIDATORS

As explained in the Group's 2002 annual report, the Group has been experiencing financial difficulties since about 2002. On 25 March 2003, the Bank of East Asia Limited ("BEA"), petitioned for the winding-up of the Company as the Company failed to comply with the statutory demand issued by BEA on 2 December 2002. Upon the application of the Company by summons filed on 30 April 2003, Mr. Derek K.Y.Lai and Mr. Joseph K.C.Lo of Deloitte Touche Tohmatsu were appointed as joint and several provisional liquidators of the Company by the High Court of Hong Kong Special Administrative Region on 21 June, 2003 so as to preserve the assets of the Company and to consider and review restructuring proposals or scheme of arrangement to be proposed by any interested party. On 22 July 2004, the Company was placed in its third stage of the delisting procedure under Practice Note 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"). In addition, the winding up petition was further adjourned to 29 May 2006.

3. BASIS OF PREPARATION*(i) GOING CONCERN*

In addition to the Company's financial difficulties as mentioned in note 2 to the financial statements, the Company announced on 10 June 2004 that, inter alia, an escrow and exclusivity agreement ("Escrow Agreement") was entered into on 4 June 2004 amongst (i) the Company, (ii) the potential investor, (iii) the provisional liquidators and (iv) the escrow agent. In the Escrow Agreement, the potential investor submitted a restructuring proposal which outlined the major terms for restructuring of the Company. Pursuant to the Escrow Agreement, it was agreed to grant the potential investor an exclusivity period for finalisation of the restructuring proposal.

On 26 September 2005, the Review Committee of the Stock Exchange has granted conditional approval for the restructuring proposal, subject to the fulfillment of certain conditions.

As set out in the Company's announcement dated 21 April 2006, the Company, the investor and the provisional liquidators entered into a restructuring agreement on 13 April 2006 for implementation of the restructuring proposal.

The principal elements of the restructuring proposal are as follows:

(a) Capital reorganisation

The Company will implement capital reorganisation, involving share consolidation, capital reduction and capital reserve reduction.

(i) Share consolidation

Every 100 issued shares of HK\$0.01 each will be consolidated into one consolidated share of HK\$1 each. Fractional consolidated shares will not be issued to the shareholders but will be aggregated and sold for the benefit of the Company.

(ii) *Capital reduction*

Immediately upon the share consolidation becoming effective, the Company will carry out a reduction of the nominal value of each consolidated share from HK\$1 each to HK\$0.01 each by cancelling the paid-up capital to the extent of HK\$0.99 on each issued consolidated share. The adjusted shares will have par value of HK\$0.01 each upon the capital reduction becoming effective.

(iii) *Capital reserve reduction*

The Company will carry out a cancellation of the entire amount standing to the credit of its share premium account, capital redemption reserve account and capital reserve account.

(b) *Subscription*

Pursuant to the subscription agreement with the Company's potential investor, the investor will subscribe for 2,075,000,000 subscription shares at a consideration of HK\$83 million. In addition, 352,750,000 additional shares will be issued and allotted to the investor, credited as fully paid, on the basis of 17 additional shares for every 100 subscription shares subscribed by the investor.

An amount of HK\$21.5 million out of the subscription proceeds will then be transferred to the scheme administrators for the creditors' settlement and the balance of the subscription proceeds will be used for working capital and investments of the Company.

(c) *Creditors' schemes*

It is proposed that all indebtedness of the Company will be restructured pursuant to the creditors' schemes. An amount of HK\$21.5 million out of the subscription proceeds as stated in (b) above and the entire interests in the Scheme HK Group and Scheme BVI Group (comprising members of the Group which will be excluded from the restructured group but some of which are either in the process of winding up and/ or the Company considers control to have been lost) as defined and detailed in the Company's announcement dated 21 April 2006, will be transferred to the scheme administrators for administration. According to the creditors' schemes, all the Company's secured debts will be satisfied by their respective collateralised property or assets and all the unsecured debts will be settled by way of a cash payment on a pro-rata basis out of the HK\$21.5 million from the proceeds of the subscription as mentioned in (b) above ("Distribution Proceeds"), subject to deduction of the related petition costs and the scheme administration cost up to HK\$1 million in aggregate. The Distribution Proceeds and, if any, amounts raised from realisation of assets of the Scheme HK Group and Scheme BVI Group will be used to repay the scheme creditors for the discharge and settlement in full of the indebtedness. Upon the implementation of the creditors' schemes, the Company's indebtedness will then be fully discharged and settled.

(d) *Open offer*

As part of the measures to restore the 25% public float and as required under the Listing Rules and to enable the existing shareholders to participate in the restructuring proposal, an open offer of 9 offer shares for every 5 adjusted shares held by the qualifying shareholders on the record date at the price of HK\$0.06 per offer share will be made.

(e) *Placings*

As part of the measures to restore the 25% public float and as required under the Listing Rules, 374,627,374 new shares and 156,500,000 sale shares will be placed to no less than six independent investors who are third parties independent of the Company and its connected persons and the investor at no less than HK\$0.06 each by the placing agent on a best effort basis.

The completion of the above restructuring agreement is conditional upon the fulfillment of certain terms and conditions, details of which have been included in the Company's announcement dated 21 April 2006.

The Directors have prepared the financial statements on the basis that the restructuring proposal of the Company will be successfully implemented and that the Group will be able to improve its financial position and business upon completion of restructuring. As at the date of approval of the financial statements, the Directors are not aware of any circumstances or reasons that would likely affect the successful implementation of the restructuring proposal and the intention of the potential investor. In light of the foregoing, the Directors opined that it is appropriate to prepare the financial statements on a going concern basis. The financial statements do not incorporate any adjustments for possible failure of the above mentioned restructuring proposal and the continuance of the Group as a going concern.

Should the Group be unable to continue as a going concern, adjustments would have to be made to restate the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities. The effect of these potential adjustments has not been incorporated in the financial statements.

(ii) SUBSIDIARIES NOT CONSOLIDATED

- (a) The financial statements have been prepared based on the books and records maintained by the Company and its subsidiaries. However, due to (a) the liquidation of certain significant subsidiaries or their immediate holding companies; or (b) the seizure of the major assets and production facilities of the major subsidiaries under the court orders as security for the unsettled claims, the Directors have not been able to obtain access to the books and records of these subsidiaries and considered that control to have been lost. The results, cash flows, assets and liabilities of these subsidiaries were not consolidated into the financial statements of the Group. Details of these subsidiaries deconsolidated from the group financial statements are set out in note 16(a).

In the opinion of the Directors, the financial statements for the year ended 31 December 2005 prepared on the aforementioned basis present more fairly the results and cash flows and state of affairs of the Group as a whole in light of liquidation or seizure of the assets of subsidiaries.

As explained by the Directors, since 20 July 2005, being the date on which last year's financial statements approved by the Directors, they had not received any further information concerning the progress and possible outcome of the liquidation or seizure of the assets of the aforesaid subsidiaries or their immediate holding companies. Any changes to the above status of liquidation or possible outcome from the seizure of assets of these subsidiaries or their immediate holdings companies might have a consequential effect on net liabilities of the Group and the Company as at 31 December 2005 and the results and cash flows of the Group for the year ended 31 December 2005.

- (b) In addition, the Directors considered that the non-consolidation of the results, cash flows, assets and liabilities of subsidiaries as set out in note 16(b) to the financial statements would not significantly affect the results and cash flows and state of affairs of the Group for the current year as the cost of obtaining this information would exceed the value of this information to the members of the Company.

Details of subsidiaries not consolidated in the financial statements are set out in note 16(a) and 16(b) to the financial statements.

- (iii) In addition to the limited financial information available concerning certain subsidiaries due to liquidation or seizure of assets of certain major subsidiaries as detailed in note 3(ii)(a) to the financial statements, the Directors have used their best endeavours to relocate all the financial and business records of the Group as most of the former accounting personnel of the Group have left. The Directors were unable to obtain sufficient documentary information to satisfy themselves regarding the treatment of various balances of the Group and of the Company as at 31 December 2005.

- (a) The Directors were unable to obtain sufficient documentary evidence to support other payables of approximately HK\$293,807,000 included in the Group's and the Company's balance sheet as at 31 December 2005, including the liabilities under indemnities given to subsidiaries not consolidated of approximately HK\$291,130,000 as at 31 December 2005. Accordingly the Directors were unable to satisfy themselves as to whether these amounts are fairly stated in the financial statements.
- (b) The Directors were unable to satisfy themselves as to whether the amounts of approximately HK\$5,983,000 due to certain subsidiaries not consolidated and subsidiaries of the Company included in the Group's and Company's balance sheet respectively are fairly stated as at 31 December 2005.
- (c) The financial statements have been prepared based on the available books and records maintained by the Company and its subsidiaries. However, in view of the lack of evidence available, the Directors were unable to represent as to the completeness of recording of all transactions entered into by the Company and its subsidiaries for the years ended 31 December 2004 and 2005. Accordingly, the Directors were also unable to represent as to the correctness and completeness of identification and disclosure of directors' and employees' emoluments in note 9, property, plant and equipment in note 14, details of the retirement benefits scheme and employee benefits in note 22 and taxation in note 10 to the financial statements.
- (d) Due to limited books and records available to the Directors, the following have not been made in the financial statements:
- Disclosures in respect of finance lease obligations as required by Hong Kong Accounting Standard ("HKAS") 17 "Leases";
 - Details of analysis of pledge of assets as required by the Hong Kong Companies Ordinance;
 - Segment information disclosures as required by HKAS 14 "Segment Reporting" and the Listing Rules;
 - Details of deferred taxation as required by HKAS 12 "Income Taxes";
 - Details of related party disclosures as required by HKAS 24 "Related Party Disclosures";
 - Details of the Group's financial risk management objectives and policies as required by HKAS 32 "Financial Instruments: Disclosure and Presentation"; and
 - Details of contingent liabilities and commitments as required by the Hong Kong Companies Ordinance and the relevant HKASs.
- (e) Due to insufficient information and documentary evidence available to the Directors, they were unable to ascertain the completeness of the disclosures of the Company's share options as required by the Listing Rules.

Any adjustments arising from the matters described in above would affect the net liabilities of the Company and the Group as at 31 December 2005 and the profit and cash flows of the Group for the year then ended.

Also, as a result of the matters described in above, the comparative figures at 31 December 2004 shown in the consolidated balance sheet on page 16, the Company's balance sheet on page 17 and in the consolidated income statement and consolidated cash flow statement for the year then ended on page 15 and page 19 respectively may not be comparable with the figures for the current year.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention.

Application of new/revised Hong Kong Financial Reporting Standards

In 2005, the Group adopted the following new/revised standards of Hong Kong Financial Reporting Standards (“HKFRS”) (including Hong Kong Accounting Standards (“HKAS”) and interpretations (“Int”)) issued by the Hong Kong Institute of Certified Public Accountants, which are relevant to its operations. The 2004 comparatives have been amended as required, in accordance with the relevant requirements.

HKAS 1	Presentation of Financial Statements
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 12	Income Taxes
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 27	Consolidated and Separate Financial Statements
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS-Int15	Operating leases – Incentive
HKFRS 2	Share-based Payments
HKFRS 3	Business Combinations

The adoption of the above HKASs did not result in substantial changes to the Group’s accounting policies. In summary:

The adoption of HKAS 1 has resulted in a change of presentation of the consolidated income statement, consolidated balance sheet and consolidated statement of changes in equity. The changes in presentation have been applied retrospectively.

HKAS 7, 8, 10, 12, 16, 17, 23, 27, 32, 33, 36, 38, 39, HKAS-Int 15 and HKFRS 3 had no material effect on the Group’s policies.

HKAS 21 had no material effect on the Group’s policy. All the Group entities have the same functional currency as the presentation currency for respective entity financial statements.

In the absence of sufficient information and documentation evidence available to us regarding share options of the Company, it is not practicable to quantify the effect of the non-compliance with HKFRS 2.

The Group has not early applied the following new standards and interpretations that have been issued but are not yet effective. The Group has commenced considering the potential impact of these new standards and interpretations but is not yet in a position to determine whether these new statements and interpretations would have a significant impact on how its results of operations and financial position are prepared and presented.

HKAS 1 (Amendment)	Capital disclosure ¹
HKAS 19 (Amendment)	Actuarial gains and losses, group plans and disclosures ²
HKAS 21 (Amendment)	Net investment in a foreign operation ²
HKAS 39 (Amendment)	Cash flow hedge accounting of forecast intragroup transactions ²
HKAS 39 (Amendment)	The fair value option ²
HKAS 39 & HKFRS 4 (Amendments)	Financial guarantee contracts ²
HKFRS 6	Exploration for and evaluation of mineral resources ²
HKFRS 7	Financial instruments: Disclosures ¹
HK(IFRIC) - INT 4	Determining whether an arrangement contains a lease ²
HK(IFRIC) - INT 5	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds ²
HK(IFRIC) - INT 6	Liabilities arising from participating in a specific market, waste electrical and electronic equipment ³
HK(IFRIC) - INT 7	Applying the restatement approach under HKAS 29 Financial Reporting in Hyperinflationary Economies ⁴

¹ Effective for annual periods beginning on or after 1 January 2007

² Effective for annual periods beginning on or after 1 January 2006

³ Effective for annual periods beginning on or after 1 December 2005

⁴ Effective for annual periods beginning on or after 1 March 2006

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the balance sheet date, other than those excluded for the reasons referred to note 16 to the financial statements. The results of the subsidiaries acquired or disposed of during the year are consolidated from or to their effective dates of acquisition or disposal, respectively.

Where the Company holds more than half of the issued share capital of a subsidiary, but does not control the composition of the board of directors or equivalent governing body, the financial statements of that subsidiary are not consolidated because it would be misleading to do so. Where the Company is in a position to exercise significant influence, such investments are dealt with as associates as appropriate. Otherwise, they are dealt with as available-for-sale investments.

Certain subsidiaries within the Group have not been consolidated from the consolidated financial statements as of 1 April 2002 or the date the Company has been unable to obtain access to any financial information of these subsidiaries because in the opinion of the Directors, the Group has lost control over these subsidiaries and it will be misleading to the users if these subsidiaries are consolidated into the Group's results, cash flows and assets and liabilities.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Subsidiaries

A subsidiary is a company whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

Investments in subsidiaries are included in the Company's balance sheet at cost, less any accumulated impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Intangible assets*Goodwill*

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/ associate entity at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. 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.

Property, plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation and any impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the year in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the property, plant and equipment, the expenditure is capitalised as an additional cost of that asset.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate cost to their residual values (if, there are any) over their estimated useful lives, as follows:

Plant and machinery	10%–33⅓%
Furniture, fixtures and equipment	20%–33⅓%

No depreciation is provided on properties under development until they are completed and put into use.

The assets' residual values (if any) and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

The gain or loss on disposal or retirement of property, plant and equipment recognised in the income statement is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Impairment of assets

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

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within bank and other borrowings in current liabilities on the balance sheet.

Leases*Finance lease (as the lessee)*

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

Operating lease (both as the lessor and lessee)

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets and rentals receivable under the operating leases are credited to the income statement on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged to the income statement on the straight-line basis over the lease terms.

Provisions

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

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

- *the sale of goods*

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

- *Consultancy and management services*

Revenue is recognised when the relevant consultancy and management services are rendered.

– *Gain on disposal of know-how technology*

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the know how technology.

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in 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 recognised in the income statement, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

Translation differences on non-monetary items, such as equity instruments held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

Retirement benefits costs

The Group operates a defined contribution retirement benefits scheme set up under the Mandatory Provident Fund Schemes Ordinance ("MPF Scheme") for its employees who are eligible to participate. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the scheme. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the income statement or in equity if it relates to items that are recognised in the same or a different period, directly in equity.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, associates and jointly controlled entities, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Related parties

A party is related to the Group if:

- (i) directly, or indirectly through one or more intermediaries, the party:
 - (1) controls, is controlled by, or is under common control with, the Group;
 - (2) has an interest in the Group that gives its significant influence over the Group; or
 - (3) has joint control over the Group;
- (ii) the party is a jointly-controlled entity;
- (iii) the party is an associate;
- (iv) the party is a member of the key management personnel of the Company or its parent;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is an entity that is controlled, jointly-controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

5. TURNOVER, OTHER INCOME AND GAINS, NET

Turnover represents the net amounts received and receivable from goods sold to customers, less returns and discounts, during the year. An analysis of the Group's turnover, other income and gains, net is as follows:

	2005	2004
	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover		
Sale of consumer electronic products	<u>513,610</u>	<u>119,677</u>
Other income		
Consultancy and management fees income	42	–
Sundry income	<u>97</u>	<u>–</u>
	139	–
Gains, net		
Gain on disposal of know-how technology	<u>2,000</u>	<u>–</u>
	<u>2,139</u>	<u>–</u>
	<u><u>515,749</u></u>	<u><u>119,677</u></u>

6. GAIN ON DECONSOLIDATION OF SUBSIDIARIES

	2005	2004
	<i>HK\$'000</i>	<i>HK\$'000</i>
Gain on deconsolidation of subsidiaries	<u>–</u>	<u>205,229</u>

The above amount represented a gain on deconsolidation of the subsidiaries, Great Wall France SA which has been put into liquidation during the year ended 31 December 2004, together with its immediate holding companies, after the release of exchange fluctuation reserve of approximately HK\$5,470,000.

7. FINANCE COSTS

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Interest on:		
Other loans wholly repayable within five years	<u>300</u>	<u>42</u>

8. PROFIT BEFORE TAXATION

The Group's profit before taxation is arrived at after charging:

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Staff costs:		
Wages and salaries	2,056	2,225
Director's remuneration (<i>note 9</i>)	14	–
Mandatory provident fund contributions	76	67
Staff welfare and related expenses	<u>6</u>	<u>1</u>
	2,152	2,293
Depreciation	24	3
Management fee	350	–
Operating leases:		
Rental of premises	740	803
Auditors' remuneration	140	90
Impairment losses for:		
Trade and other receivables	661	11
Amounts due from subsidiaries not consolidated	<u>37</u>	<u>19</u>

9. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Directors		
Fees:		
Executive directors	–	–
Independent non-executive directors		
– Mr. Poon Kwok Shin	<u>14</u>	<u>–</u>
	14	–
Other emoluments for executive directors:		
Salaries, allowances, benefits in kind and provident fund contributions	<u>–</u>	<u>–</u>
	<u>14</u>	<u>–</u>

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

In 2005 and 2004, the five highest paid individuals did not include any directors of the Company. The emoluments of the five highest paid individuals were as follows:

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Salaries and benefits in kind	<u>1,355</u>	<u>850</u>
	<u><u>1,355</u></u>	<u><u>850</u></u>

The number of the five highest paid employees whose remuneration fell within the following bands is as follows:

	2005 <i>Number of employees</i>	2004 <i>Number of employees</i>
Nil to HK\$1,000,000	<u>5</u>	<u>5</u>

10. TAXATION

Hong Kong profits tax has been provided at the rate of 17.5% (2004: 17.5%) on the estimated assessable profits for the year.

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Hong Kong Profits Tax	<u>1,810</u>	<u>57</u>

The taxation on the Group's profit before taxation differs from the theoretical amount that would arise using the taxation rate applicable to profits of the consolidated companies as follows:

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Profit before taxation	<u>10,011</u>	<u>200,507</u>
Calculated at a taxation rate of 17.5% (2004:17.5%)	1,752	35,089
Tax effect of income not subject to taxation	–	(35,915)
Tax effect of expenses not deductible for taxation purposes	6	536
Tax effect of tax losses unrecognised for the year	51	358
Tax effect of temporary differences unrecognised for the year	<u>1</u>	<u>(11)</u>
Taxation charge	<u><u>1,810</u></u>	<u><u>57</u></u>

11. INDEMNIFIED LIABILITIES OF SUBSIDIARIES NOT CONSOLIDATED

The Company has given indemnities to certain bankers and vendors of its subsidiaries, which are at present under liquidation or their assets are now under seizure pursuant to the court orders for the unsettled claims, in respect of loans advanced and services rendered to those subsidiaries. The Company's obligations under these indemnities crystallised upon default payment on the part of those subsidiaries.

12. PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The profit for the year attributable to equity holders of the Company dealt with in the financial statements of the Company was the loss of HK\$292,000 (2004: the loss of HK\$3,049,000).

13. EARNINGS PER SHARE

The calculation of the basic earnings per share for the year ended 31 December 2005 is based on the profit for the year attributable to equity holders of the Company of HK\$8,201,000 (2004: HK\$200,450,000) and the weighted average number of 8,076,257,020 ordinary shares (for the year ended 31 December 2004: 8,076,257,020 ordinary shares) in issue.

No diluted earnings per share has been presented for the both years as there were no outstanding dilutive potential ordinary shares.

14. PROPERTY, PLANT AND EQUIPMENT**Group**

	Freehold land and buildings outside Hong Kong HK\$'000	Plant and machinery HK\$'000	Furniture, fixtures and equipment HK\$'000	Total HK\$'000
Cost:				
At 1 January 2004	31,917	41,206	7,382	80,505
Additions	–	–	75	75
Subsidiaries deconsolidated	(31,917)	(41,206)	(7,382)	(80,505)
At 31 December 2004 and At 1 January 2005	–	–	75	75
Additions	–	–	19	19
At 31 December 2005	–	–	94	94
Accumulated depreciation:				
At 1 January 2004	13,789	39,017	6,585	59,391
Provided during the year	–	–	3	3
Subsidiaries deconsolidated	(13,789)	(39,017)	(6,585)	(59,391)
At 31 December 2004 and At 1 January 2005	–	–	3	3
Provided during the year	–	–	24	24
At 31 December 2005	–	–	27	27
Net book value:				
At 31 December 2005	–	–	67	67
At 31 December 2004	–	–	72	72

15. INTERESTS IN SUBSIDIARIES

	Company	
	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Unlisted shares, at cost	5,001	5,001
Due from subsidiaries	<u>1,285,670</u>	<u>1,285,670</u>
	1,290,671	1,290,671
Impairment losses	<u>(1,290,671)</u>	<u>(1,290,671)</u>
	–	–
Due to subsidiaries	<u>(7,333)</u>	<u>(6,870)</u>
	<u>(7,333)</u>	<u>(6,870)</u>

The Directors had formed the opinion that the carrying amount of the Company's investments in subsidiaries of approximately HK\$5,001,000 had been impaired and amounts due from these subsidiaries of approximately HK\$1,285,670,000 could not be recovered and, accordingly, such impairment losses had already been recognised in the financial statements.

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

Details of the Company's subsidiaries as at 31 December 2005 which have been consolidated in these financial statements are as follows:

Name	Nominal value of issued and fully paid ordinary share capital	Attributable equity interest of the Company		Principal activities
		Direct	Indirect	
Fortune Hand Industries Limited	USD1	100%	–	Investment holding
Great Wall Infrastructure Limited	USD1	–	100%	Dormant
Innovision Enterprises Limited	HK\$1	–	100%	Sales, marketing, product design of audio-visual products

Notes:

1. The subsidiaries, Fortune Hand Industries Limited and Great Wall Infrastructure Limited, were incorporated in the British Virgin Islands and operated in Hong Kong.
2. The subsidiary, Innovision Enterprises Limited, was incorporated and operated in Hong Kong.

16. INTERESTS IN SUBSIDIARIES NOT CONSOLIDATED

- (a) The consolidated financial statements for the year ended 31 December 2005 do not include the following subsidiaries, which (i) are either themselves or their immediate holding companies are in the course of liquidation or (ii) the major assets and production facilities of the subsidiaries have been under seizure by the Mainland China Court Orders as a security for the unsettled claims against the Group. Accordingly, the Directors of the Company were unable to have access to the books and records of these subsidiaries.

Details of these subsidiaries where the Directors considered that control to have been lost are as follows:

Name of the principal subsidiaries	Proportion of nominal value of issued capital held by the Company indirectly
Video Epoch Limited (*)	100%
Video Epoch Electronic (Huizhou) Limited	100%
Huizhou City Caixing Electrical Appliance Limited	75%
Huizhou City Hua Xing Packing Material Company Limited	88%
Huizhou City Hang Tung Paper Products Printing Limited	70%
Brilliant Plastic Manufacturing Limited (*)	100%
Brilliant Plastic and Mould Manufacturing (Huizhou) Limited	90%
Brilliant Plastic Industrial (Huizhou) Limited	100%
Art-Tech Speakers Manufacturing (Huizhou City) Limited	67%
Art-Tech Electronics (Huizhou) Limited	100%
Great Wall Industries Company Limited	100%
Guangzhou Rowa Electronics Company Limited	60%
Great Wall France SA (**)	100%

* *private companies incorporated and operated in Hong Kong*

** *private company incorporated and operated in France*

The above subsidiaries were incorporated and operated in the People's Republic of China, except as otherwise noted.

The consolidated financial statements do not include the results and cash flows of these subsidiaries up to the respective dates of appointment of liquidators as ordered by the courts as, in the opinion of the Directors, the financial statements prepared on the captioned basis present more fairly the results and cash flows and state of affairs of the Group as a whole in light of liquidation and seizure of the assets of subsidiaries.

- (b) The financial statements of the Group do not consolidate the financial statements of the following subsidiaries set out below as in the opinion of the Directors, the non-consolidation of the results, cash flows and assets and liabilities of these subsidiaries would not significantly affect the results and cash flows and state of affairs of the Group for the year and the cost of obtaining this information would exceed the value of this information to the members of the Company.

Details of these principal subsidiaries not consolidated as at 31 December 2005 are as follows:

Name of the principal subsidiaries	Proportion of nominal value of issued capital held by the Company	
	Directly	Indirectly
Great Wall Capital Management Limited	–	100%
Great Wall Electronics Holding Limited	100%	–
Great Wall Strategic Holdings (BVI) Limited #	–	100%
Shenzhen Rowa Digital Network Technology Limited*	–	90%
Star Source Industries Limited	–	100%
Well Concur Limited	–	100%
Lipon Products Limited	–	100%
Great Wall Electronics Group Limited #	100%	–

incorporated in the British Virgin Islands

* registered and operating in the People's Republic of China as a sino-foreign equity joint venture

The above subsidiaries were incorporated and operating in Hong Kong, except as otherwise noted.

- (c) The Directors have formed the opinion that the Group's interests in the above subsidiaries had been fully impaired and such impairment losses had been recognised in the financial statements in previous years.

17. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Trade receivables	8,585	1,080	–	–
Less: impairment loss of receivables	655	–	–	–
	7,930	1,080	–	–
Other receivables and prepayments	5,926	221	–	–
	13,856	1,301	–	–

APPENDIX I**FINANCIAL INFORMATION ON THE GROUP**

Included in trade and other receivables are trade debtors (net of impairment losses) with the following aging analysis as of the balance sheet date:

	Group		Company	
	2005	2004	2005	2004
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Current	1,965	803	–	–
1 to 3 months	3,668	179	–	–
4 to 6 months	2,252	98	–	–
More than 6 months	45	–	–	–
	<u>7,930</u>	<u>1,080</u>	<u>–</u>	<u>–</u>

The Group has recognised a loss of HK\$661,000 (2004: HK\$11,000) for the impairment of its trade and other receivables during the year ended 31 December 2005. The loss has been included in the income statement.

The fair value of the Group's trade and other receivables at 31 December 2005, which are mainly denominated in United States dollar, approximates to the corresponding carrying amount.

18. TRADE AND OTHER PAYABLES

	Group		Company	
	2005	2004	2005	2004
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables	2,791	–	–	–
Other payables and accruals	<u>295,816</u>	<u>297,357</u>	<u>293,807</u>	<u>293,978</u>
	<u>298,607</u>	<u>297,357</u>	<u>293,807</u>	<u>293,978</u>

Included in other payables and accruals were the liabilities under indemnities given to subsidiaries not consolidated of approximately HK\$291,130,000 (2004: HK\$291,130,000)

At 31 December 2005, the aging analysis of the trade payables was as follows:

	Group		Company	
	2005	2004	2005	2004
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
1 to 3 months	<u>2,791</u>	<u>–</u>	<u>–</u>	<u>–</u>

19. SHARE CAPITAL**Shares**

	Company	
	2005	2004
	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>Authorised:</i>		
25,000,000,000 ordinary shares of HK\$0.01 each	<u>250,000</u>	<u>250,000</u>
<i>Issued and fully paid:</i>		
8,076,257,020 ordinary shares of HK\$0.01 each	<u>80,763</u>	<u>80,763</u>

Share options

On 15 April 2002, the Company terminated the old share option schemes, which had been adopted in 1991 and 1997, and adopted a new share option scheme (the "New Scheme"). The exercisable period for all the options granted under the old share option schemes which entitled the holder to subscribe for the shares of the Company had been expired on 6 March 2003.

The New Scheme shall be valid and effective for a period of 10 years from 15 April 2002, after which period no further share will be granted but the provisions of the New Scheme shall remain in full force and effect in all other respects.

The exercise price of the share options is determinable by the Directors, but may not be less than the higher of (i) the Stock Exchange closing price of the Company's shares on the date of the offer of the share options which must be a business day; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares. Since the date of the adoption of New Scheme, no options have ever been granted.

20. RESERVES

	Share premium account <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	Contributed surplus account <i>HK\$'000</i> <i>(Note)</i>	Exchange fluctuation reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
Group						
At 31 December 2003 and at 1 January 2004	792,011	9,924	145,372	5,470	(1,531,098)	(578,321)
Realised upon deconsolidation	–	–	–	(5,470)	–	(5,470)
Profit for the year	–	–	–	–	200,450	200,450
At 31 December 2004 and at 1 January 2005	792,011	9,924	145,372	–	(1,330,648)	(383,341)
Profit for the year	–	–	–	–	8,201	8,201
At 31 December 2005	<u>792,011</u>	<u>9,924</u>	<u>145,372</u>	<u>–</u>	<u>(1,322,447)</u>	<u>(375,140)</u>
	Share premium account <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	Contributed surplus account <i>HK\$'000</i> <i>(Note)</i>	Capital reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
Company						
At 31 December 2003 and at 1 January 2004	792,011	9,924	145,372	71,382	(1,397,251)	(378,562)
Loss for the year	–	–	–	–	(3,049)	(3,049)
At 31 December 2004	792,011	9,924	145,372	71,382	(1,400,300)	(381,611)
Loss for the year	–	–	–	–	(292)	(292)
At 31 December 2005	<u>792,011</u>	<u>9,924</u>	<u>145,372</u>	<u>71,382</u>	<u>(1,400,592)</u>	<u>(381,903)</u>

Note: The contributed surplus account of the Company and the Group represents the credit arising from capital reduction.

21. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

Deconsolidation of subsidiaries

	2005 HK\$'000	2004 HK\$'000
Net liabilities deconsolidated:		
Property, plant and equipment	–	21,114
Inventories	–	16,889
Trade and other receivables	–	9,268
Cash and bank balances	–	753
Finance lease obligations	–	(13,627)
Trade and other payables	–	(20,388)
Amounts due to subsidiaries not consolidated	–	(213,768)
	–	(199,759)
Realisation of exchange fluctuation reserve	–	(5,470)
	–	(205,229)
Gain on deconsolidation of subsidiaries	–	205,229
	–	–
Satisfied by		
Cash consideration		
Analysis of the net outflow of cash and cash equivalents in respect of deconsolidation of subsidiaries:		
Cash and bank balances	–	753

22. RETIREMENT BENEFIT SCHEME

The Group contributes to a MPF Scheme for all qualifying employees employed under the jurisdiction of the Hong Kong Employment Ordinance. Contributions to the scheme by the Group and the employees are calculated as a percentage of employee's relevant income. The retirement benefit scheme costs charged to income statement represent contributions payable by the Group to the fund. The assets of the scheme are held separately from those of the Group in an independently administered fund.

23. POST BALANCE SHEET EVENTS

Details of post balance sheet events are summarised in notes 2 and 3 to the financial statements.

24. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 28 April 2006.

4. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position or prospects of the Group since 31st December, 2005, the date to which the latest audited financial statements of the Company were made up.

5. INDEBTEDNESS

At the close of business on 30th June, 2006, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Prospectus, the Group had an aggregate outstanding indebtedness of approximately HK\$306.3 million, in which HK\$7.9 million was attributable to amounts due to non-consolidated subsidiaries and HK\$291.1 million was attributable to the provision for indemnities given by the Company to certain banks and vendors for their advances to its subsidiaries.

Save as aforesaid, the Group did not have, at the close of business on 30th June, 2006, any outstanding mortgages, charges, debentures, bank loans and overdrafts, debt securities or convertible loan notes or other similar indebtedness, loan capital issued or outstanding or agreed to be issued, finance leases, liabilities under acceptances or acceptance credits or any finance leases commitments, or any guarantees or other material contingent liabilities.

6. WORKING CAPITAL

Subject to completion of the Restructuring Proposal, the Group will raise net proceeds of approximately HK\$105 million, of which approximately HK\$63.5 million will be used as working capital of the Group.

The Directors are of the opinion that, in the absence of unforeseen circumstances and subject to completion of the Restructuring Proposal and the New Shares Placing being subscribed in full, the Group will have sufficient working capital for its present requirements.

INTRODUCTION TO THE PRO FORMA FINANCIAL INFORMATION OF THE RESTRUCTURED GROUP

The accompanying pro forma financial information of the Restructured Group has been prepared to illustrate the effect of the Restructuring Proposal.

The accompanying pro forma financial information of the Restructured Group as at 31st December, 2005 gives effect to the Restructuring Proposal as if it had been consummated on 31st December, 2005.

The accompanying pro forma financial information of the Restructured Group is prepared based upon the historical financial information of the Group as set out in Appendix I to this Prospectus after giving effect to the pro forma adjustments described in the accompanying notes. A narrative description of the pro forma adjustments is summarised in the accompanying notes.

The pro forma financial information of the Restructured Group is prepared based on a number of assumptions and currently available information as mentioned above, and is provided for illustrative purposes only. Accordingly, as a result of the uncertain nature of the accompanying pro forma financial information of the Restructured Group, it may not give a true picture of the actual financial position of the Restructured Group that would have been attained had the Restructuring Proposal actually occurred on 31st December, 2005. Further, the accompanying pro forma financial information of the Restructured Group does not purport to predict the Restructured Group's future financial position.

The pro forma financial information of the Restructured Group should be read in conjunction with other financial information included elsewhere in this Prospectus.

1. STATEMENT OF UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE RESTRUCTURED GROUP

For illustrative purpose only, the following is a statement of the unaudited pro forma adjusted consolidated net tangible assets of the Restructured Group, which is prepared on the basis of the audited net liabilities of the Group as at 31st December, 2005, as set out in the annual report of the Group contained in Appendix I to this Prospectus, adjusted to reflect the effect of the Restructuring Proposal as if it had been consummated on 31st December, 2005:

	As at 31st December, 2005 (audited) <i>HK\$'000</i>	Estimated net proceeds from the Open Offer <i>HK\$'000</i>	Other adjustments in respect of the Restructuring Proposal <i>HK\$'000</i> <i>(Note 1)</i>	Pro forma <i>HK\$'000</i> <i>(Note 2)</i>
Net tangible (liabilities) assets	<u>(294,377)</u>	<u>8,504</u>	<u>374,786</u>	<u>88,913</u>

Notes:

1.	Following the completion of the Subscription, the New Shares Placing and settlement of the Indebtedness pursuant to the Creditors' Schemes, adjustments will be as follows:	<i>HK\$'000</i>
	Net proceeds from the Subscription	74,580
	Net proceeds from the New Shares Placing	21,916
	Gain on settlement of the Indebtedness pursuant to the Creditors' Schemes	<u>278,290</u>
		<u>374,786</u>
2.	Audited consolidated net tangible liabilities per Share at 31st December, 2005 based on 8,076,257,020 Shares in issue before the Stage I Capital Reorganisation became effective and before completion of the Restructuring Proposal	<u>HK\$ (0.036)</u>
	Unaudited adjusted consolidated net tangible liabilities per Adjusted Share (based on 80,762,570 Adjusted Shares) immediately upon the Stage I Capital Reorganisation became effective and before completion of the Restructuring Proposal	<u>HK\$ (3.645)</u>
	Unaudited adjusted consolidated net tangible liabilities per Adjusted Share (based on 226,135,196 Adjusted Shares comprising 80,762,570 Adjusted Shares and 145,372,626 Offer Shares) immediately upon the Stage I Capital Reorganisation became effective and the completion of the Open Offer (assuming the Subscription, the New Shares Placing and settlement of the Indebtedness pursuant to the Creditors' Schemes have not yet been completed)	<u>HK\$ (1.264)</u>
	Unaudited pro forma adjusted consolidated net tangible assets per Adjusted Share (based on 3,028,512,570 Adjusted Shares) which will be in issue upon completion of the Restructuring Proposal	<u>HK\$ 0.029</u>

2. COMFORT LETTER FOR THE PRO FORMA FINANCIAL INFORMATION ON THE RESTRUCTURED GROUP

The Board of Directors
Great Wall Cybertech Limited
(Provisional Liquidators Appointed)

Dear Sirs,

Re: Statement Of Unaudited Pro Forma Adjusted Consolidated Net Tangible Assets Of The Restructured Group, Comprising Great Wall Cybertech Limited (Provisional Liquidators Appointed) (The “Company”) And Its Subsidiaries, BVI Intermediary Holdco, Shenzhen Rowa Digital Network Technology Limited (“SZ Rowa”), Fortune Hand Industries Limited, Great Wall Infrastructure Limited And Innovision Enterprises Limited (Hereinafter Collectively Referred To As The “Restructured Group”)

We report on the statement of unaudited pro forma adjusted consolidated net tangible assets (the “Pro Forma Adjusted NTA”) of the Restructured Group as set out in section 1 of Appendix II to the prospectus (the “Prospectus”) of the Company dated 1st September, 2006 relating to, inter alia, Open Offer of 145,372,626 Offer Shares at HK\$0.06 per Offer Share on the basis of nine Offer Shares for every five Adjusted Shares held payable in full on acceptance, which have been prepared by the directors of the Company, for illustrative purposes only, to provide information about how the proposed transactions might have affected the relevant financial information of the Restructured Group presented.

The directors also made representation on page 28 of the circular of the Company dated 29th May, 2006 relating to, inter alia, the Restructuring Proposal involving Capital Reorganisation, Subscription, Creditors’ Schemes, Open Offer, Placings, Group Reorganisation, application for Whitewash Waiver and renewal of General Mandates that the subsidiary, SZ Rowa, did not commence any operations due to the downturn of internet related business worldwide at the time and it has remained dormant since then.

Responsibilities

It is the responsibility solely of the directors of the Company to prepare the Pro Forma Adjusted NTA in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with reference to AG7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

It is our responsibility to form an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Pro Forma Adjusted NTA and to report our opinion solely 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 Pro Forma Adjusted NTA 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 engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements (HKSIR) 300 “Accountants’ Report on Pro Forma Financial Information in Investment Circulars” issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Adjusted NTA with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Pro Forma Adjusted NTA have been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Pro Forma Adjusted NTA as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Our work does not constitute an audit or review made in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA, and accordingly, we do not express any such assurance on the Pro Forma Adjusted NTA.

The Pro Forma Adjusted NTA have been prepared in accordance with the judgements and assumptions of the directors of the Company and, the basis as set out in section 1 of Appendix II to the Prospectus for illustrative purposes only and, because of its hypothetical nature, does not give any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Restructured Group as at 31st December, 2005 or any future date.

Opinion

Based on the representation made by the directors of the Company as set out in above and except for any adjustments that may be required in respect of the matters described below concerning our audit report on the financial statements of the Company for the year ended 31st December, 2005, in our opinion:

- a) the Pro Forma Adjusted NTA have 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 Pro Forma Adjusted NTA as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

In respect of the Pro Forma Adjusted NTA, we draw to your attention to the fact that, as set out in our audit report dated 28th April, 2006 on pages 29 to 34 of Appendix I to the Prospectus (“Basis of Opinion”), because of the significance of each of (i) the possible effect of the limitations in evidence available to us; and (ii) the fundamental uncertainty relating to the going concern basis; and (iii) the non-compliance of certain disclosure requirements, we were unable to form an opinion as to whether the financial statements of the Company for the year ended 31st December, 2005 (the “Financial Statements”) gave a true and fair view of the state of affairs of the Company and of the Group as at the date and of the profit and cash flows of the Group for the year then ended and as to whether the Financial Statements had been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

In respect of the limitations on our work as set out in the Basis of Opinion section of our audit report dated 28th April, 2006:

- (i) We have not obtained all the information and explanations that we consider necessary for the purpose of our audit; and
- (ii) We were unable to determine whether proper books of accounts have been kept.

Any adjustments found to be necessary to the net liabilities of the Company and the Group as at 31st December, 2005 may have a consequential effect on the Pro Forma Adjusted NTA.

Yours faithfully,
Ting Ho Kwan & Chan
Certified Public Accountants (practising)
Hong Kong

1st September, 2006

1. RESPONSIBILITY STATEMENT

This Prospectus includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors and the Provisional Liquidators (acting without personal liability) jointly and severally accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Prospectus have been arrived at after due and careful consideration and there are no other facts (other than those relating to the Investor or its shareholders, or parties acting in concert with its directors) not contained in this Prospectus, the omission of which would make any statement in this Prospectus misleading.

The directors of the Investor jointly and severally accept full responsibility for the accuracy of the information relating to the Investor contained in this Prospectus and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions relating to the Investor expressed in this Prospectus have been arrived at after due and careful consideration and there are no other facts relating to the Investor not contained in this Prospectus, the omission of which would make any statement relating to therein misleading.

2. PARTICULARS OF THE DIRECTORS

The brief biographies of the Directors are set out below:

Executive Directors

Mr. Wu Shaozhang, aged 44, joined the Company in October 1996. He became the Group's Chairman in August 2001. Mr. Wu, having substantial experience in trading various products, including consumer electronic products and broad business connections in the PRC, is primarily responsible for the marketing of the Group's products in the PRC and the exploration of potential business opportunities. Mr. Wu is also engaged in the strategic planning of the Group.

Mr. Wong Kwok Wing, aged 57, joined the Company in 1987. Currently, Mr. Wong is the Managing Director of the Company, and he became the Vice-Chairman of the Company in August 2001. Mr. Wong is engaged in the overall strategic planning, policy formulation, product development and overseas marketing.

Mr. Tse On Kin, aged 44, joined the Company in August 2001. He was appointed as Vice Chairman and Chief Executive Director of the Company in August 2001. Mr. Tse is responsible for the overall management and the Group's restructure. Mr. Tse was the Managing Director of TCL International Holdings Limited, and was responsible for the listing of the Company in 1999 and the formation and implementation of corporate and financial strategy. Mr. Tse has over 14 years of experience in corporate planning, operation, human resources and new markets development. Mr. Tse holds a Bachelor Degree in Public Policy and Administration from York University in Canada.

Mr. Yuen Chung Yan, John, aged 51, joined the Company in 1999 and became an executive Director in June 2000. Mr. Yuen is primarily responsible for the new business development of the Group in PRC. Prior to joining the Group, Mr. Yuen was the general manager of a food industry company and has over 18 years' experience in various industrial fields in the PRC. Mr. Yuen holds a Master Degree in Business Administration from the Murdoch University in Australia.

Mr. Chen Weixiong, aged 42, joined the Company as an executive Director in October 1996. Mr. Chen is primarily responsible for the financial and treasury aspects and operations of the Group's business in the PRC. He has ample and solid experience having worked in the PRC finance industry for more than 13 years.

Independent non-executive Directors

Mr. Lee Shue Shing, aged 53, joined the Company as an independent non-executive Director in October 1996. He is a Registered Professional Surveyor and has been a Fellow Member of both The Royal Institution of Chartered Surveyors and the Hong Kong Institute of Surveyors, since 1990 and 1998, respectively.

Mr. Wu Xiaoke, aged 54, joined the Company as an independent non-executive Director in August 2002. He is a Professional Economist and a director of various companies in Hong Kong.

Mr. Poon Kwok Shin, Edmond, aged 53, joined the Company as an independent non-executive Director in November 2005. He is one of the founders and an Executive Director of Compass Technology Holdings Limited. He has been the Partner of Deloitte Touche Tohmatsu and has 29 years of experience in financial accounting and auditing. He is a Fellow Member of the Association of Chartered Certified Accountants.

3. PARTIES INVOLVED IN THE OPEN OFFER AND CORPORATE INFORMATION

Registered office	Clarendon House 2 Church Street Hamilton HM11 Bermuda
Head office and principal place of business in Hong Kong	35th Floor One Pacific Place 88 Queensway Hong Kong
Financial adviser	Somerley Limited Suite 2201, 22nd Floor Two International Finance Centre 8 Finance Street Central Hong Kong

Underwriter	Grand Vinco Capital Limited Room 4909-4910 49th Floor The Centre 99 Queen's Road Central Hong Kong
Legal adviser to the Company and the Provisional Liquidator	<i>On Hong Kong Law</i> Cheung, Tong & Rosa Rooms 1621-33, 16/F. Sun Hung Kai Centre 30 Harbour Road Hong Kong <i>On Bermuda Law</i> Conyers, Dill & Pearman 2901, One Exchange Square 8 Connaught Place Central Hong Kong
Auditors	Ting Ho Kwan & Chan 9th Floor, Tung Ning Building 249-253 Des Voeux Road Central Hong Kong
Hong Kong branch share registrar and transfer office	Tengis Limited 26/F., Tesbury Centre 28 Queen's Road East Wanchai Hong Kong
Principal share registrar and transfer office	Butterfield Fund Services (Bermuda) Limited Rosebank Centre 11 Bermudiana Road Pembroke Bermuda
Authorised representatives	Tse On Kin and Hong Kin Choy, Bryan
Company secretary and qualified accountant	Hong Kin Choy, Bryan, a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants

Provisional Liquidators	Mr. Derek K.Y. Lai and Mr. Joseph K.C. Lo c/o Deloitte Touche Tohmatsu 35th Floor, One Pacific Place 88 Queensway Hong Kong
Correspondence address	Room 2503B-2505, Harcourt House 39 Gloucester Road Wanchai Hong Kong

4. DISCLOSURE OF INTERESTS

(a) Interests in the Company

(i) Directors' interests in Adjusted Shares

As at the Latest Practicable Date, the interests and short positions of the Directors in the Adjusted Shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which had been 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 are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange were as follows:

Name of Director	Capacity/ Nature of interests	Number of the Adjusted Shares		Approximate percentage of shareholding in the Company
		Long position	Short position	
Mr. Wu (<i>Note</i>)	Interest of controlled corporation	6,187,202	–	7.7%

Note: These Adjusted Shares are held by Vandor Profits Limited (“Vandor Profits”), a company indirectly controlled by Mr. Wu.

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors or chief executive of the Company have interest or short positions in the Adjusted Shares, underlying shares and debentures or other securities of the Company or its associated corporations (within the meaning of Part XV of the SFO) 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 which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required in the Listing Rules pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange.

(ii) *Substantial Shareholders*

As at the Latest Practicable Date, so far as is known to, or can be ascertained after reasonable enquiry by the Directors or chief executive of the Company, the following persons had interests or short positions in the Adjusted Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who are, directly or indirectly, deemed to be 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 other member of the Group and the amount of each of such person's interests in such securities, together with particulars of any options in respect of such capital were as follows:

Name of Shareholders	Capacity/ Nature of interests	Number of the Adjusted Shares		Approximate percentage of shareholding in the Company
		Long position	Short position	
Bank of China (HK) Nominees Ltd.	Corporate	18,119,402	–	22.4%
Sonic Power Group Limited (Note 1)	Corporate	18,119,402	–	22.4%
Siu Yau Keung	Interest of controlled corporation	18,119,402	–	22.4%
Vandor Profits	Corporate	6,187,202	–	7.7%
Macross Profits Limited (Note 2)	Interest of controlled corporation	6,187,202	–	7.7%
Mr. Wu	Interest of controlled corporation	6,187,202	–	7.7%
Wong Chin Yen (Note 3)	Interest of spouse	6,187,202	–	7.7%

Note

1. Based on the notice of disclosure of interest filed, Sonic Power Group Limited is a company wholly owned by Mr. Siu Yau Keung and the interest of Sonic Power Group Limited over these Shares is security interest.
2. Macross Profits Limited, which directly controlled by Mr. Wu, controls Vantor Profits and therefore is deemed to be interested in share in the Company held by Vantor Profits.
3. Madame Wong Chin Yen is the spouse of Mr. Wu and therefore is deemed to be interested in shares in the Company which Mr. Wu are interested and Madame Wong Chin Yen's interest include those of Wu Sin Yee, Wu Man Ching and Wu Man Yin who are children of such wedlock.

Save as disclosed herein, no person as at the Latest Practicable Date, so far as is known to, or can be ascertained after reasonable enquiry by the Directors or chief executive of the Company, no persons had interests or short positions in the Adjusted Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who are, directly or indirectly, deemed to be 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 or has any options in respect of such capital.

5. MATERIAL CONTRACTS

Save as disclosed below, no contracts have been entered into by the Company and its subsidiaries (not being contracts entered into in the ordinary course of business) after the date of two years immediately preceding the date of the Announcement and are or may be material:

- (a) the Restructuring Agreement;
- (b) the Costs Escrow Agreement;
- (c) the Subscription Agreement;
- (d) the Underwriting Agreement;
- (e) the Sale Shares Placing Agreement;
- (f) the New Shares Placing Agreement;
- (g) the loan agreement dated 9th July, 2004 entered into between GW Infrastructure and the Investor, pursuant to which the Investor agreed to make a facility of HK\$3 million available to GW Infrastructure (the "Loan"); and

- (h) the share mortgage dated 9th July, 2004 entered into between Fortune Hand and the Investor, pursuant to which Fortune Hand agreed to mortgage the one share of US\$1.00 of GW Infrastructure (being the entire issued share capital of GW Infrastructure) to the Investor as security for the Loan.

6. LITIGATIONS AND CLAIMS

The following are particulars of litigation or arbitration of material importance in which the Company or any of its subsidiaries are engaged and litigation or claims of material importance which are pending or threatened by or against the Company or any of its subsidiaries:

Bank of East Asia Limited (“BEA”) has petitioned to the High Court of Hong Kong Special Administrative Region for the winding up of the Company on 25th March, 2003. The petition was filed as the Company has failed to satisfy the Statutory Demand issued by BEA to the Company on 2nd December, 2002 under which BEA demanded the Company to pay a sum of approximately HK\$17.8 million and further interest for trade loans which the Company has guaranteed for its wholly-owned subsidiary, Video Epoch Limited.

Saved as disclosed, neither the Company nor any other members of the Group is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against any member of the Group.

7. EXPERT AND CONSENT

Ting Ho Kwan & Chan, Certified Public Accountant (practising), has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of its letter and/or references to its name in the form and context in which it appears.

As at the Latest Practicable Date, Ting Ho Kwan & Chan was not beneficially interested in the share capital of any member of the Group nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group nor did it have any interest, either direct or indirect, in any assets which have been, since 31st December, 2005, the date to which the latest published audited financial statements of the Group were made up, acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

8. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors nor their respective associates had any business or interest that competes or may compete directly or indirectly with the business of the Group or any other conflicts of interest with the Group.

9. DIRECTORS' SERVICE CONTRACTS

None of the Directors has entered into any service contract with any company in the Group or associated companies which are in force and which have more than 12 months to run, or which has been entered into or amended within six months before the date of Announcement.

10. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

There is no contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date in which any Director is materially interested and which is significant in relation to the business of the Group.

11. LEGAL EFFECT

This Prospectus, the accompanying PAL and Excess Application Form, and all acceptances of any offer or application contained in such documents, are governed by and shall be construed in accordance of the laws of Hong Kong. Where an application is made in pursuance of any such documents, the relevant document(s) shall have the effect of rendering all persons concerned bound by the provisions, other than the penal provisions, of Sections 44A and 44B of the Companies Ordinance, so far as applicable.

12. EXPENSES

The expenses in connection with the Restructuring Proposal, including the financial advisory fee, underwriting commission, printing, registration, translation, legal and accounting charges are estimated to amount to approximately HK\$9 million and will be payable by the Company.

13. DOCUMENTS REGISTERED BY THE REGISTRAR OF COMPANIES

A copy of each of the Prospectus Documents and the written consent given by Ting Ho Kwan & Chan as referred to in this appendix, have been registered with the Registrar of Companies in Hong Kong. A copy of each of the Prospectus Documents has been filed with the Registrar of Companies in Bermuda.

14. MISCELLANEOUS

- (a) The English texts of this Prospectus and the accompanying PAL and Excess Application Form shall prevail over their respective Chinese texts.
- (b) None of the Directors has, or has had, any direct or indirect interest in any assets which have been acquired, disposed of or leased to, or which are proposed to be acquired, disposed of or leased to, the Company or any of its subsidiaries since 31st December, 2005, the date to which the latest published audited financial statements of the Group were made up.

15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the office of Cheung, Tong & Rosa at rooms 1621-33, 16/F., Sun Hung Kai Centre, 30 Harbour Road, Hong Kong from the date of this Prospectus up to and including 15th September, 2006:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the annual reports of the Company for the two financial years ended 31st December, 2005;
- (c) the comfort letter in connection with the pro forma financial information of the Restructured Group from Ting Ho Kwan & Chan, the text of which is set out in Appendix II to this Prospectus;
- (d) the material contracts referred to in the section headed “Material contracts” in this Appendix;
- (e) the written consent referred to in the section headed “Expert and consent” in this Appendix; and
- (f) the circular of the Company dated 29th May, 2006.