THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this prospectus, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

A copy of this prospectus, together with the Application Form, the Excess Application Form and the written consent by Grant Thornton, have been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies Ordinance in Hong Kong. The Registrar of Companies in Hong Kong and the Securities and Futures Commission in Hong Kong, take no responsibility as to the contents of any of these documents.

Dealings in the shares in Haywood Investments Limited* may be settled through the Central Clearing and Settlement System ("CCASS") and you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests.

Subject to the granting of the listing of, and permission to deal in, the Offer Shares (as defined herein) 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 under contingent situation, 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.

HAYWOOD INVESTMENTS LIMITED*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 905)

OPEN OFFER OF NEW SHARES ON THE BASIS OF ONE OFFER SHARE FOR EVERY TWO SHARES HELD ON RECORD DATE

Financial advisers to the Company

South China Capital Limited

AmCap
Ample Capital Limited
豐盛融資有限公司

The Underwriter may by notice in writing to the Company given at any time before 4:00 p.m. of the third business day after the latest date for acceptance of the Offer Shares or such later date as the Company may decide, terminate the Underwriting Agreement, if any of the following grounds of termination happens:

(1) there shall occur any of the following events which would, in the absolute opinion of the Underwriter, materially and adversely affect the business, financial or trading position or prospects of the Group as a whole or the success of the Open Offer or otherwise makes it inexpedient or inadvisable for the Company or the Underwriter to proceed with the Open Offer:

  (a) the introduction of any new law or regulation or any change in existing law or regulation or any material change in the judicial interpretation or application thereof or other occurrence of any nature whatsoever; or

  (b) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events or changes occurring or continuing before, on and/or after the date of the Underwriting Agreement and including an event or change in relation to or a development of an existing state of affairs) of a political, military, financial, regulatory, economic, currency or other nature (whether or not sui generis with any of the forgoing or in the nature of any local, national, or international, outbreak or escalation of hostilities or armed conflict) resulting in a material adverse change in, or which might reasonably be expected to result in a material adverse change in political, economic or stock market conditions, or

  (c) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances; or

  (d) a change or development involving a prospective material change in taxation in Hong Kong or the implementation of exchange controls which shall or might materially adversely affect the Company; or

  (e) any material change in market conditions, taxation or exchange control or combination of circumstances in Hong Kong and the PRC (including without limitation suspension or material restriction on trading in securities); or

(2) if the Underwriter shall receive notice of, or shall 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 and the Underwriter shall, in his absolute opinion, determine that any such untrue representation or warranty represents or is likely to represent a material adverse change in the business, financial or trading position or prospects of the Group taken as a whole or is otherwise likely to have a materially prejudicial effect on the Open Offer; or

(3) any change occurs in the circumstances of the Company or any member of the Group which would materially and adversely affect the business, financial or trading position or prospects of the Group as a whole; or

(4) the Company commits any 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 would have a material and adverse effect on the business, financial or trading position of the Group as a whole; or

(5) there shall occur any event, or series of events, beyond the control of the Underwriter (including, without limitation, acts of government, strike, lock-outs, fire, explosion, flooding, civil commotion, acts of war, acts of terrorism or acts of God) which, in the absolute opinion of the Underwriter, have or would have the effect of making any part of the Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or which prevents the processing of applications and/or payments pursuant to the Open Offer or pursuant to the underwriting thereof or which have or is likely to have a material prejudicial effect on the Open Offer.

If Mr. Zhou, the Underwriter, terminates the Underwriting Agreement, or if the conditions of the Underwriting Agreement have not been fulfilled in accordance with the terms thereof, the Open Offer will not proceed. Shareholders and potential investors are advised to exercise due caution when dealing with the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

Shareholders should note that the Shares have been dealt with on an ex-entitlement basis commencing from Monday, 19 June 2006 and that dealings in such Shares would take place while the conditions to which the Underwriting Agreement is subject to remain unfulfilled. Any Shareholders or other persons dealing in such Shares up to the date on which all conditions to which the Open Offer is subject to are fulfilled (which is expected to be Wednesday, 19 July 2006) will accordingly bear the risk that the Open Offer cannot become unconditional and may not proceed. Any Shareholders or other persons contemplating on selling or purchasing the Shares who are in any doubt about their position are recommended to consult their professional advisers.

** renamed as Apex Capital Limited on 23 June 2006*

29 June 2006

CONTENTS

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

"Announcement"	the announcement dated 27 April 2006 as supplemented by a supplemental announcement dated 12 May 2006 made by the Company in relation to (1) the Open Offer, (2) the Whitewash Waiver and (3) the change of name of the Company
"Application Form(s)"	the application form for use by the Qualifying Shareholders to apply for the Offer Shares
"Board"	the board of Directors
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"Commission"	Securities and Futures Commission of Hong Kong
"Companies Ordinance"	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
"Company"	Haywood Investments Limited (renamed as Apex Capital Limited pursuant to the special resolution passed at the EGM), a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Stock Exchange under Chapter 21 of the Listing Rules
"Deed"	the novation deed dated 12 May 2006 entered into between the Company, Xiyang and Mr. Zhou pursuant to which all the rights and obligations of Xiyang as the underwriter under the Underwriting Agreement has been novated by Mr. Zhou
"Directors"	the directors of the Company
"EGM"	the extraordinary general meeting of the Company convened on 23 June 2006 at which the Open Offer, the Whitewash Waiver and the change of name of the Company were approved
"Excess Application Form(s)"	the excess application form for use by the Qualifying Shareholders to apply for the excess Offer Shares not initially taken up under the Open Offer
"Executive"	the Executive Director of the Corporate Finance Division of the Commission or any of its delegate

"Group"	the Company and its subsidiaries
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Last Trading Day"	7 April 2006, being the last trading day prior to the suspension of trading in the Shares prior to the publication of the Announcement
"Latest Practicable Date"	27 June 2006, being the latest practicable date for the purpose of ascertaining certain information for inclusion in this prospectus
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Mr. Fong"	Mr. Fong Chi Hou, a non-executive Director interested in 10,300,000 Shares, representing approximately 6.44% of the Company's issued share capital
"Mr. Zhou"	Mr. Zhou Chao, the Chairman of the Company and an executive Director, and the Underwriter who has a 90% interest in Xiyang
"Offer Share(s)"	the 80,000,000 Shares to be offered to the Qualifying Shareholders for subscription pursuant to the Open Offer
"Open Offer"	the issue of the Offer Shares at the Subscription Price by way of an open offer to the Qualifying Shareholders on the terms pursuant to the Prospectus Documents
"PRC"	the People's Republic of China
"Prospectus"	the Open Offer prospectus
"Prospectus Documents"	the Prospectus, the Application Form and the Excess Application Form
"Qualifying Shareholders"	the Shareholders whose names appeared on the register of members of the Company as at the close of business on the Record Date
"Record Date"	Friday, 23 June 2006, being the date by reference to which entitlements to the Open Offer have been determined

"Registrar"	Secretaries Limited, the Company's Hong Kong branch Share registrar located at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	the shares of HK$0.025 in the issued share capital of the Company
"Shareholders"	the shareholders of the Company
"Subscription Price"	the subscription price of HK$0.07 per Offer Share under the Open Offer
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Underwriter"	Mr. Zhou, the underwriter to the Open Offer
"Underwriting Agreement"	the underwriting agreement dated 7 April 2006 as amended by a supplemental underwriting agreement dated 18 April 2006 entered into between the Company and Xiyang in relation to the Open Offer
"Underwritten Shares"	the 58,644,800 Offer Shares underwritten by the Underwriter pursuant to the Underwriting Agreement and the Deed
"Whitewash Waiver"	a waiver of the obligation of the Underwriter and persons acting in concert with him to make a mandatory offer for all the Shares not already owned or agreed to be acquired by them under Note 1 on Dispensations from Rule 26 of the Takeovers Code
"Xiyang"	Xiyang International Limited, a company incorporated in Hong Kong with limited liability whose registered address is Suite 2206, Office Tower, Convention Plaza, 1 Harbour Road, Wan Chai, Hong Kong, and is owned as to 90% and 10% by Mr. Zhou and Ms. Huang Song (both directors of Xiyang) who are the Chairman and an executive Director of the Company, being the largest Shareholder interested in 42,710,400 Shares, representing approximately 26.69% of the Company's issued share capital on the Latest Practicable Date
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong

	2006
Last day of dealings in the Shares on a cum-entitlement basis	Friday, 16 June
First day of dealings in the Shares on an ex-entitlement basis	Monday, 19 June
Latest time for lodging transfers of Shares accompanied by the relevant title documents in order to qualify for the Open Offer	4:00 p.m. on Tuesday, 20 June
Register of members closed (both days inclusive)	Wednesday, 21 June to Friday, 23 June
Latest time for lodging forms of proxy for the EGM (48 hours prior to EGM)	3:00 p.m. on Wednesday, 21 June
Record Date for the Open Offer	Friday, 23 June
EGM	3:00 p.m. on Friday, 23 June
Announcement of result of EGM	Monday, 26 June
Despatch of the Prospectus Documents	Thursday, 29 June
Latest time for payment for and acceptance of the Offer Shares	4:00 p.m. on Friday, 14 July
Latest time for the Open Offer to become unconditional	4:00 p.m. on Wednesday, 19 July
Announcement of results of the Open Offer	Wednesday, 19 July
Despatch of refund cheques in respect of wholly or partially unsuccessful excess applications	Wednesday, 19 July
Share certificates of the Offer Shares to be posted	Wednesday, 19 July
Dealing in the Offer Shares commences	Monday, 24 July

Dates or deadlines specified in this prospectus for events in the timetable are for indicative purpose only and may be extended or varied. Any changes to the anticipated timetable for the Open Offer will be published by way of public announcement.

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE OPEN OFFER

The latest time for acceptance of and payment for the Open Offer 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 Friday, 14 July 2006. Instead the latest time of acceptance of and payment for the Open Offer 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 Friday, 14 July 2006. Instead the latest time of acceptance of and payment for the Open Offer 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 Open Offer does not take place on Friday, 14 July 2006, the dates mentioned in this section headed "Expected timetable" in this prospectus may be affected. A press announcement will be made by the Company in such event.

HAYWOOD INVESTMENTS LIMITED*

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 905)

Executive Directors:
Mr. ZHOU Chao
Ms. HUANG Song
Mr. PHANG Yul Cher Yeow
Mr. CHU Kin Wang, Peleus

Non-executive Directors
Mr. FONG Chi Hou
Mr. WANG Yao Dong

Independent non-executive Directors:
Mr. LIU Wing Ting, Stephen
Ms. LAM Lin Chu
Ms. TSE Po Chu

Registered office:
Ugland House
P.O. Box 309
George Town
Grand Cayman
Cayman Islands

Head office and principal place of business in Hong Kong:
Rm. 2206, Office Tower
Convention Plaza
1 Harbour Road
Wanchai
Hong Kong

29 June 2006

To the Shareholders

Dear Sir or Madam,

OPEN OFFER OF NEW SHARES ON THE BASIS OF ONE OFFER SHARE FOR EVERY TWO SHARES HELD ON RECORD DATE

INTRODUCTION

In an announcement dated 27 April 2006 (as supplemented by a supplemental announcement dated 12 May 2006), it was announced that the Board proposed, among other things, the Open Offer.

Under the Listing Rules, the Open Offer is conditional on the approval of the Shareholders. In addition, the Open Offer is also subject to the Whitewash Waiver being approved by the Shareholders. On 18 May 2006, a circular containing details regarding, among other things, the Open Offer, the Whitewash Waiver and a notice of the EGM was despatched to the Shareholders. A copy of such circular is available for inspection at such place and times as set out in the section headed "Documents available for inspection" in Appendix II to this prospectus. Xiyang, persons acting in concert with it, the Directors (including Mr. Zhou but excluding the independent non-executive Directors), the chief

* *renamed as Apex Capital Limited on 23 June 2006*

executive of the Company and their associates have abstained from voting on the resolution in relation to the Open Offer. The resolutions in relation to the Open Offer and the Whitewash Waiver were duly approved by the Shareholders at the EGM.

This prospectus sets out further information regarding the Open Offer, including information on dealings and application for the Offer Shares and other financial information in respect of the Group.

THE OPEN OFFER

Issue statistics

Basis of the Open Offer	:	One Offer Share for every two Shares held on Record Date
Number of Shares in issue as of the Latest Practicable Date	:	160,000,000 Shares
Subscription Price	:	HK$0.07 per Share
Number of Offer Shares	:	80,000,000 Offer Shares
Number of Shares in issue immediately following the completion of the Open Offer	:	240,000,000 Shares
Number of Offer Shares undertaken to be taken up by Xiyang	:	21,355,200 Offer Shares
Number of Underwritten Shares	:	58,644,800 Offer Shares

As at the Latest Practicable Date, the Company has no derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares.

Qualifying Shareholders

The Company will send the Prospectus Documents to the Qualifying Shareholders. To be qualified for the Open Offer, Qualifying Shareholders must be registered as members of the Company on the register of members of the Company on the Record Date. In order to be registered as members of the Company on the Record Date, Qualifying Shareholders must have lodged any transfer of Shares (with the relevant Share certificates) for registration with the Registrar by 4:00 p.m. on Tuesday, 20 June 2006.

The invitation to apply for the Offer Shares will not be transferable and there will be no trading in the nil-paid entitlements on the Stock Exchange.

Closure of register of members

The register of members of the Company has been closed from Wednesday, 21 June 2006 to Friday, 23 June 2006 (both days inclusive) to determine the eligibility of the Qualifying Shareholders to the Open Offer. No transfer of Shares has been registered during this period.

The Subscription Price

The Subscription Price of HK$0.07 per Offer Share, payable in full on application, represents:

(i) a discount of approximately 15.66% to the closing price of HK$0.083 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a discount of approximately 11.39% to the theoretical ex-entitlement price of approximately HK$0.079 per Share based on the aforesaid closing price per Share;

(iii) a discount of approximately 14.63% to the average closing price of approximately HK$0.082 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day;

(iv) a premium of approximately 6.06% to the audited net asset value per Share of approximately HK$0.066 as at 31 December 2005; and

(v) a premium of 32.08% to the closing price of HK$0.053 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Subscription Price was determined based on arm's length negotiations between the Company and Xiyang, with reference to the prevailing market prices of the Shares. The Board considers that the Subscription Price is fair and reasonable.

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the securities of the issuer approaches the extremities of HK0.01 or HK$9,995.00, the Stock Exchange reserves the right to require the issuer either to change the trading method or to proceed with a consolidation or splitting of its securities. The Stock Exchange has indicated that the Company will be required to conduct a share consolidation in conjunction with the Company's next fund raising exercise involving the issue of new Shares if the market price of the Shares is below HK$0.10 per Share at the time of the next fund raising exercise.

Status of the Offer Shares

The Offer Shares, when allotted and issued, will rank pari passu in all respects with the Shares in issue on the date of allotment and issue of the Offer Shares. Holders of the Offer Shares will be entitled to receive all future dividends and distributions which are declared, made or paid in respect thereof on or after the date of allotment and issue of such Offer Shares.

Certificates for the Offer Shares

Subject to fulfillment of the conditions of the Open Offer, share certificates for the Offer Shares are expected to be posted on or before Wednesday, 19 July 2006 to those Qualifying Shareholders who have validly applied and paid for the Offer Shares at their own risks.

Application for excess Offer Shares

Qualifying Shareholders may apply (using the Excess Application Forms) for any Offer Shares not initially subscribed by the Qualifying Shareholders.

The Directors will allocate excess Offer Shares at their discretion on a fair and equitable basis but will give preference to topping-up odd lots to whole board lots. The Qualifying Shareholders with the Shares held by a nominee company should note that the Board will regard the nominee 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. The Shareholders with their Shares held by a nominee company are advised to consider whether they would like to arrange registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date. Shareholders and investors should consult their professional advisers if they are in any doubt with regard to the above.

Application for listing

The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Offer Shares. Dealings in the Offer Shares will be subject to the payment of stamp duty in Hong Kong and is expected to commence on Monday, 24 July 2006. Listing for the Offer Shares will not be sought for on any stock exchange other than the Stock Exchange.

Subject to the granting of the listing of, and the permission to deal in, the Offer Shares on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement dates of dealings in the Offer Shares on the Stock Exchange 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 CCASS Operational Procedures in effect from time to time.

Undertaking by Xiyang

As at the Latest Practicable Date, Xiyang held 42,710,400 Shares, representing approximately 26.69% of the Company's issued share capital. Xiyang has undertaken to the Company that:

(1) it owns beneficially and will on the Record Date own beneficially 42,710,400 Shares; and

(2) it will subscribe for the 21,355,200 Offer Shares that it is entitled to subscribe for under the Open Offer.

The Underwriting Agreement

Date	:	7 April 2006 (as amended by a supplemental underwriting agreement dated 18 April 2006)
Underwriter	:	Xiyang, a company owned as to 90% and 10% by Mr. Zhou and Ms. Huang Song who are the Chairman and an executive Director of the Company respectively, being the largest Shareholder interested in 42,710,400 Shares, representing approximately 26.69% of the Company's issued share capital on the Latest Practicable Date
Number of Offer Shares underwritten by the Underwriter	:	58,644,800 Offer Shares
Underwriting commission	:	The underwriting commission under the Underwriting Agreement is nil. The Board considers the nil underwriting commission is favorable and in the interest of the Company and the Shareholders as a whole.

The Deed

Date	:	12 May 2006
Parties involved	:	the Company, Xiyang and Mr. Zhou

On 12 May 2006, the Company, Xiyang (the original underwriter to the Open Offer pursuant to the Underwriting Agreement) and Mr. Zhou, the Chairman of the Company and an executive Director, entered in the Deed pursuant to which all the rights and obligations of Xiyang as the underwriter under the Underwriting Agreement have been novated by Mr. Zhou, but the undertakings set out in the above section headed "Undertaking by Xiyang" still apply to Xiyang. As a result of the signing of the Deed, Mr. Zhou has become the Underwriter to the Open Offer.

Xiyang is a company incorporated in Hong Kong with limited liability and is owned as to 90% and 10% by Mr. Zhou and Ms. Huang Song, both executive Directors. Mr. Zhou believes that by acting as the underwriter to the Open Offer personally rather than through a company in which he has a 90% interest, he can demonstrate his commitment to the development of the Company in the capacities of the Chairman of the Company and an executive Director. Mr. Zhou further believes that this demonstration of his personal commitment to the Company would encourage the Qualifying Shareholders to take up their respective entitlements under the Open Offer.

Mr. Zhou's potential deemed interests in the Company before and after the signing of the Deed will remain unchanged following the Open Offer. Ms. Huang Song, an executive Director holding the remaining 10% interest in Xiyang, has expressed her consent to the Deed.

The Underwriting Agreement and the Deed constitute a connected transaction exempt from all reporting, announcement and independent Shareholders' approval requirements under Rule 14A.31(3)(c) of the Listing Rules.

Termination of the Underwriting Agreement

The Underwriter may by notice in writing to the Company given at any time before 4:00 p.m. of the third business day after the latest date for acceptance of the Offer Shares or such later date as the Company may decide, terminate the Underwriting Agreement, if any of the following grounds of termination happens:

(1) there shall occur any of the following events which would, in the absolute opinion of the Underwriter, materially and adversely affect the business, financial or trading position or prospects of the Group as a whole or the success of the Open Offer or otherwise makes it inexpedient or inadvisable for the Company or the Underwriter to proceed with the Open Offer:

(a) the introduction of any new law or regulation or any change in existing law or regulation or any material change in the judicial interpretation or application thereof or other occurrence of any nature whatsoever; or

(b) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events or changes occurring or continuing before, on and/or after the date of the Underwriting Agreement and including an event or change in relation to or a development of an existing state of affairs) of a political, military, financial, regulatory, economic, currency or other nature (whether or not sui generis with any of the forgoing or in the nature of any local, national, or international, outbreak or escalation of hostilities or armed conflict) resulting in a material adverse change in, or which might reasonably be expected to result in a material adverse change in political, economic or stock market conditions; or

(c) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances; or

(d) a change or development involving a prospective material change in taxation in Hong Kong or the implementation of exchange controls which shall or might materially adversely affect the Company; or

(e) any material change in market conditions, taxation or exchange control or combination of circumstances in Hong Kong and the PRC (including without limitation suspension or material restriction on trading in securities); or

(2) if the Underwriter shall receive notice of, or shall 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 and the Underwriter shall, in his absolute opinion, determine that any such untrue representation or warranty represents or is likely to represent a material adverse change in the business, financial or trading position or prospects of the Group taken as a whole or is otherwise likely to have a materially prejudicial effect on the Open Offer; or

(3) any change occurs in the circumstances of the Company or any member of the Group which would materially and adversely affect the business, financial or trading position or prospects of the Group as a whole; or

(4) the Company commits any 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 would have a material and adverse effect on the business, financial or trading position of the Group as a whole; or

(5) there shall occur any event, or series of events, beyond the control of the Underwriter (including, without limitation, acts of government, strike, lock-outs, fire, explosion, flooding, civil commotion, acts of war, acts of terrorism or acts of God) which, in the absolute opinion of the Underwriter, have or would have the effect of making any part of the Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or which prevents the processing of applications and/or payments pursuant to the Open Offer or pursuant to the underwriting thereof or which have or is likely to have a material prejudicial effect on the Open Offer.

Conditions of the Underwriting Agreement

The obligations of the Underwriter to subscribe for the Underwritten Shares pursuant to the Underwriting Agreement and the Deed are conditional upon the happening of the following events by no later than the dates and times as specified in the Underwriting Agreement (or, in each case, such later date or time as the Underwriter may agree in writing with the Company):

(1) the issue and publication of the Announcement;

(2) the Executive granting the Whitewash Waiver;

(3) the approval of the Open Offer and the Whitewash Waiver by the Shareholders by way of poll at a general meeting of the Company;

(4) the signing of 2 copies of each of the Prospectus by or on behalf of each of the Directors and by the secretary of the Company and the delivery of such signed copies to the Stock Exchange;

(5) the signing of 3 copies of each of the Prospectus by or on behalf of each of the Directors in accordance with section 342C of the Companies Ordinance and the filing and registration of one such signed copy of each of the Prospectus (together with all other documents required by section 342C of the Companies Ordinance to be attached thereto) with the Registrar of Companies in Hong Kong;

(6) the posting of the Prospectus to the Qualifying Shareholders and of the letter referred to in Clause 3.3 of the Underwriting Agreement to the overseas Shareholders; and

(7) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment), and not having revoked the grant of, listing of and permission to deal in the Offer Shares, either unconditionally or subject to such conditions as are accepted by the Underwriter.

The Underwriter may waive any of the above conditions but has confirmed to the Company that it will not waive the above conditions (2) and (3). Completion of the subscription of underwritten Offer Shares by the Underwriter shall take place on or before the 3rd business day after the last day of acceptance of the Offer and is expected to be Wednesday, 19 July 2006.

Shareholding structure of the Company

The shareholding structure of the Company immediately before and after the completion of the Open Offer is set out below:

	Shareholding as of the Latest Practicable Date		Shareholding immediately following the completion of the Open Offer (assuming full subscription by the Qualifying Shareholders)		Shareholding immediately following the completion of the Open Offer (assuming nil subscription by the Qualifying Shareholders)	
	Shares	*%*	*Shares*	*%*	*Shares*	*%*
Xiyang's existing shareholding	42,710,400	26.69	42,710,400	17.80	42,710,400	17.80
Xiyang's entitlement under the Open Offer	0	0.00	21,355,200	8.90	21,355,200	8.90
Subtotal of Xiyang	42,710,400	26.69	64,065,600	26.69	64,065,600	26.69
Mr. Zhou as the Underwriter	0	0.00	0	0.00	58,644,800	24.44
Subtotal of Mr. Zhou	42,710,400	26.69	64,065,600	26.69	122,710,400	51.13
Mr. Fong *(Note)*	10,300,000	6.44	15,450,000	6.44	10,300,000	4.29
Subtotal	53,010,400	33.13	79,515,600	33.13	133,010,400	55.42
Public	106,989,600	66.87	160,484,400	66.87	106,989,600	44.58
Total	160,000,000	100.00	240,000,000	100.00	240,000,000	100.00

Note: The 10,300,000 Shares are held by Ms. Kam Lai Iong, spouse of Mr. Fong.

Reasons for the Open Offer and use of proceeds

The Company is an investment company listed pursuant to Chapter 21 of the Listing Rules. It is principally engaged in the investment in listed and unlisted companies in Hong Kong and the PRC.

The estimated net proceeds from the Open Offer are approximately HK$4.8 million. The Directors intend to utilize the net proceeds as to (i) approximately HK$2.3 million for future investment in accordance with the Company's investment policy of investing in listed and unlisted companies in Hong Kong and the PRC to achieve medium term capital appreciation and (ii) approximately HK$2.5 million for the Company's working capital. At present, no particular investment targets have been identified by the Company. Should any investment be made, the Company will comply with the Listing Rules.

The Board considers that the Open Offer provides a good opportunity for the Group to strengthen its capital base and to enhance its financial position. In addition, since the Open Offer will allow the Qualifying Shareholders to maintain their respective pro rata shareholdings in the Company, the Board considers that it is in the interests of the Company and the Shareholders as a whole to raise capital through the Open Offer. The Directors have also explored other alternative modes of fund raising including bank loan and placing of new Shares, open offer or rights issue using an independent underwriter. Having contacted banks and securities houses in relation to the above, the Directors are of the view that responses received have not been as favourable to the Company and equitable to the Shareholders as compared to the current arrangement under the Open Offer.

The estimated expenses of the Open Offer are about HK$0.8 million, which include professional fees payable to the financial advisers, lawyers and financial printer, etc. and will be borne by the Company.

Fund raising activities of the Company during the past 12 months

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds
7 February 2005	Open offer of 80,000,000 offer Shares on the basis of one offer Share for every existing Share held	HK$4.7 million	Used for future investment purposes which will be invested in accordance with the Company's investment policy of investing in listed and unlisted companies in Hong Kong and the PRC to achieve medium term capital appreciation	Invested in accordance with the Company's investment policy

Save for the open offer mentioned above, there has not been any capital raising activities via the placing of new Shares, rights issue or open offer of Shares in the 12 months immediately before the date of the Announcement.

WARNING OF RISKS OF DEALINGS IN THE SHARES

If Mr. Zhou, the Underwriter, terminates the Underwriting Agreement, or if the conditions of the Underwriting Agreement have not been fulfilled in accordance with the terms thereof, the Open Offer will not proceed. Shareholders and potential investors are advised to exercise due caution when dealing with the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

Shareholders should note that the Shares have been dealt with on an ex-entitlement basis commencing from Monday, 19 June 2006 and that dealings in such Shares would take place while the conditions to which the Underwriting Agreement is subject to remain unfulfilled. Any Shareholders or other persons dealing in such Shares up to the date on which all conditions to which the Open Offer is subject to are fulfilled (which is expected to be Wednesday, 19 July 2006) will accordingly bear the risk that the Open Offer cannot become unconditional and may not proceed. Any Shareholders or other persons contemplating on selling or purchasing the Shares who are in any doubt about their position are recommended to consult their professional advisers.

BUSINESS REVIEW AND PROSPECTS OF THE GROUP

On 12 May 2005, the Company entered into a new investment management agreement with Hua Yu Investment Management Limited ("Hua Yu") with effect from 20 May 2005 to replace Altus Capital Limited ("Altus"), the former investment manager. As Hua Yu has extensive investment experience in the PRC and Hong Kong, the Company believes it will be beneficial to appoint Hua Yu as the investment manager in order to fully capture the investment opportunities in the PRC and Hong Kong.

On 30 May 2005, there was a change in the substantial shareholder of the Company. Xiyang acquired 20.49% of the shares of the Company from Mr. Lee Wing On Samuel, the former substantial shareholder of the Company and 6.20% shares of the Company through the Stock Exchange. After the shares acquisition, Xiyang became the new substantial and largest shareholder of the Company. Xiyang is a company incorporated in Hong Kong and is principally engaged in investments in properties in Hong Kong. The Group has since then focused its efforts in rationalising its investment portfolio.

On 29 July 2005, the Group entered into an agreement with an independent third party to dispose of the Group's entire 25% equity interests in and loan to Standard Supplies Limited ("SSL") at cost of HK$500,000 and HK$250,000 respectively. SSL is principally engaged in the trading of flooring materials in Hong Kong and the PRC. In the opinion of the Directors, the Group has not been in a position to exercise any significant influence over the financial and operating policies of SSL. The reason for the disposal is to streamline the investment portfolio of the Company.

On 1 August 2005, the Group acquired a 30% of the equity interest in Summit Asset Holdings Limited ("SAHL"). SAHL is a company incorporated in Hong Kong with limited liability and the other 70% equity interest is owned by an independent third party. SAHL has acquired a residential property in Hong Kong at a consideration of HK$3,880,000 from an independent third party in September 2005 and the property is held for investment purpose. On 31 December 2005, the Group has further acquired the remaining 70% equity interest in SAHL and shareholder's loan of approximately HK$985,000 at cost of HK$7 and approximately HK$985,000 respectively. The reason for the acquisition is for long term capital investment purpose.

On 3 August 2005, the Group acquired 30% of the equity interest in Rise Profit Holdings Limited ("RPHL"). RPHL is a company incorporated in Hong Kong with limited liability and the other 70% equity interest is owned by an independent third party. On 15 August 2005, RPHL acquired a taxi vehicle and its licence to operate in Hong Kong at a consideration of HK$3,650,000 from an independent third party. The taxi vehicle and its operating license is held for investment purpose.

From September 2005, the Group has invested in certain listed shares in Hong Kong with a view of gaining good investment returns and yields for our shareholders.

In view of improving global and domestic economic conditions, the Board will continue to pursue investment opportunities which can generate stable revenue and business prospects under Company's investment philosophy and acceptable level of risks.

INFORMATION ON THE UNDERWRITER

Mr. Zhou, aged 31, has been appointed as an executive Director and the Chairman of the Company since June 2005. He has years of business experience in the PRC and holds managerial positions in various companies operating in industries including fertilizer, trading, transportation, steel and iron, water purification, mining, etc. in the PRC. Xiyang is a company incorporated in Hong Kong with limited liability and is owned as to 90% and 10% by Mr. Zhou and Ms. Huang Song who are the Chairman and an executive Director of the Company, being the largest Shareholder interested in 42,710,400 Shares, representing approximately 26.69% of the Company's issued share capital on the Latest Practicable Date since 30 May 2005. The shareholding of Mr. Zhou and Ms. Huang Song in Xiyang has not changed since Xiyang became a Shareholder.

PROCEDURE FOR APPLICATION OF THE OFFER SHARES

If you are a Qualifying Shareholder, you will find an Application Form being enclosed with this prospectus, which entitles you to apply for the number of Offer Shares in your assured allotment shown thereon. If you are a Qualifying Shareholder and you wish to apply for the Offer Shares, you must complete, sign and lodge the Application Form in accordance with the instructions printed thereon, together with remittance for full amount payable on application with the Registrar, Secretaries Limited, located at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong by not later than 4:00 p.m. on Friday, 14 July 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 "**Haywood Investments Limited – Open Offer Account**" and crossed "Account Payee Only".

It should be noted that unless the Application Form, together with the appropriate remittance, has been lodged with the Registrar by not later than 4:00 p.m. on Friday, 14 July 2006 by a Qualifying Shareholder, his/her/its entitlement to apply under the Open Offer will be deemed to have been declined and will be cancelled.

If the conditions of the Underwriting Agreement are not fulfilled or the Underwriting Agreement is terminated in accordance with its terms and conditions, the subscription monies will be refunded, without interest, by sending a cheque made out to the relevant

Shareholders named on the Application Form (or in the case of joint Shareholders, to the first named Shareholder) and crossed "Account Payee Only" through ordinary post at the risk of the relevant Shareholder(s) to the address specified in the register of members of the Company on or around Wednesday, 19 July 2006.

All cheques or cashier orders will be presented for payment immediately following receipt and all interest earned on such application monies will be retained for the benefit of the Company. Any Application Form in respect of which the cheque or cashier order is dishonoured on first presentation is liable to be rejected, and in that event the relevant entitlements of the Qualifying Holders under the Open Offer will be deemed to have been declined and will be cancelled.

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

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

PROCEDURE FOR APPLICATION OF THE EXCESS OFFER SHARES

Qualifying Shareholders may apply for any Offer Shares not accepted by other Qualifying Shareholders.

If the Qualifying Shareholders wish to apply for any Offer Shares in addition to their assured allotment, they must complete and sign the accompanying Excess Application Form in accordance with the instructions printed thereon and lodge it, together with a separate remittance for the amount payable on application in respect of the excess Offer Shares applied for, with the Registrar, Secretaries Limited, located at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong by no later than 4:00 p.m. on Friday, 14 July 2006. All remittances must be made in Hong Kong dollars and cheques or cashier orders must be drawn on a bank account in Hong Kong and made payable to "**Haywood Investments Limited – Excess Application Account**" and crossed "Account Payee Only". The Registrar will notify the Qualifying Shareholders of the result of any allotment of excess Offer Shares made to them, which will be determined at the sole discretion of the Directors and on a fair and equitable basis. The Directors will give preference to topping up odd lots to whole board lots.

All cheques or cashier orders will be presented for payment following receipt and all interest earned on such monies will be retained for the benefits of the Company. Any Excess Application Form in respect of which a cheque or cashier order is dishonoured on first presentation is liable to be rejected and cancelled.

If no excess Offer Shares are allotted to a Qualifying Shareholder, the amount tendered on his application is expected to be returned to him in full without interest on or around Wednesday, 19 July 2006. If the number of excess Offer Shares allotted to a Qualifying Shareholder is less than that is applied for, the surplus application monies are also expected to be returned to him without interest on or around Wednesday, 19 July 2006.

The Excess Application Form is for use only by the person(s) to whom it is addressed and is not transferable. All documents, including cheques or cashier orders for amounts due, will be sent at the risk of the persons entitled thereto to their registered addresses by the Registrar. All enquiries in connection with the Excess Application Form should be directed to the Registrar.

If the Underwriter exercises the right to terminate or rescind the Underwriting Agreement before 4:00 p.m. on Wednesday, 19 July 2006 or if the conditions of the Open Offer are not fulfilled or waived as the case may be by 4:00 p.m. on Wednesday, 19 July 2006, the monies received in respect of applications for excess Offer Shares will be returned without interest to the Qualifying Shareholders or, in the case of joint acceptances, to the first-named person by means of cheques despatched in ordinary post at the risk of such Qualifying Shareholders on or around Wednesday, 19 July 2006.

GENERAL

Your attention is drawn to the information set out in the Appendices to this prospectus.

Yours faithfully,
For and on behalf of the Board
Phang Yul Cher Yeow
Executive Director

A. SUMMARY OF FINANCIAL RESULTS AND ASSETS AND LIABILITIES FOR THE LAST THREE YEARS ENDED 31 DECEMBER 2005

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

	Year ended 31 December		
	2005	**2004**	**2003**
	HK$'000	*HK$'000*	*HK$'000*
Results			
Turnover	177	49	4
Loss from operations	(5,223)	(7,100)	(11,799)
Finance costs	(25)	(7)	(61)
Loss before taxation	(5,248)	(7,107)	(11,860)
Taxation	–	–	52
Loss for the year	(5,248)	(7,107)	(11,808)
Loss per share	(HK$0.04)	(HK$0.10)	(HK$0.21)

	As at 31 December		
	2005	**2004**	**2003**
	HK$'000	*HK$'000*	*HK$'000*
Assets and liabilities			
Property, plant and equipment	219	227	–
Investment property	3,860	–	–
Available-for-sale financial assets	6,874	–	–
Investments in securities	–	9,464	9,714
Current assets	3,357	2,996	3,282
Current liabilities	(1,261)	(1,545)	(652)
Non-current liabilities	(2,565)	(52)	–
Shareholders' funds	10,484	11,090	12,344

B. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE YEAR ENDED 31 DECEMBER 2005

The following is the audited consolidated accounts of the Company for the year ended 31 December 2005 as extracted from pages 23 to 67 of the 2005 annual report of the Company.

Consolidated Income Statement

For the year ended 31 December 2005

	Notes	**2005** *HK$'000*	**2004** *HK$'000*
Revenue	*6*	177	49
Other income		295	102
Administrative expenses		(3,538)	(3,443)
Other operating expenses		(114)	–
Impairment loss recognised in respect of available-for-sale financial assets/investments in securities	*7*	(2,043)	(3,808)
Loss from operations	*8*	(5,223)	(7,100)
Finance costs	*9*	(25)	(7)
Loss before income tax		(5,248)	(7,107)
Income tax expense	*11*	–	–
Loss for the year attributable to equity holders of the Company	*12*	(5,248)	(7,107)
Loss per share for loss attributable to the equity holders of the Company during the year	*13*		
Basic		(HK$0.04)	(HK$0.10)
Diluted		N/A	N/A

Consolidated Balance Sheet
As at 31 December 2005

	Notes	2005 HK$'000	2004 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	14(a)	219	227
Investment property	15	3,860	–
Available-for-sale financial assets	17	6,874	–
Investments in securities	17	–	9,464
		10,953	9,691
Current assets			
Prepayment, deposits paid and other receivables		209	1,956
Pledged deposit		–	1,000
Cash at banks		52	40
Financial assets at fair value through profit or loss	18	3,096	–
		3,357	2,996
Total assets		14,310	12,687
Current liabilities			
Other payables		640	1,326
Borrowings	19	121	14
Amounts due to directors	20	500	205
		1,261	1,545
Net current assets		2,096	1,451
Total assets less current liabilities		13,049	11,142
Non-current liabilities			
Borrowings	19	2,565	52
Net assets		10,484	11,090
EQUITY			
Share capital	21	4,000	2,000
Reserves	23	6,484	9,090
Total equity		10,484	11,090
Net asset value per share	25	HK$0.07	HK$0.14

Zhou Chao
Director

Huang Song
Director

Balance Sheet
As at 31 December 2005

	Notes	2005 HK$'000	2004 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	*14(b)*	219	227
Interests in subsidiaries	*16*	11,698	11,115
Investments in securities	*17*	–	47
		11,917	11,389
Current assets			
Prepayment, deposits paid and other receivables		201	1,206
Cash at banks		34	38
Financial assets at fair value through profit or loss	*18*	496	–
		731	1,244
Total assets		12,648	12,633
Current liabilities			
Other payables		560	1,245
Borrowings	*19*	–	14
Amounts due to directors	*20*	500	205
		1,060	1,464
Net current liabilities		(329)	(220)
Total assets less current liabilities		11,588	11,169
Non-current liabilities			
Borrowings	*19*	–	52
Net assets		11,588	11,117
EQUITY			
Share capital	*21*	4,000	2,000
Reserves	*24*	7,588	9,117
Total equity		11,588	11,117

Zhou Chao	**Huang Song**
Director	*Director*

Consolidated Statement of Changes in Equity
For the year ended 31 December 2005

	Equity attributable to equity holders of the Company				
	Share capital	**Share premium**	**Investment revaluation reserve**	**Accumulated losses**	**Total equity**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2004	1,440	101,127	53	(90,276)	12,344
Unrealised loss arising on revaluation of investments not recognised in the consolidated income statement – net expense recognised directly in equity	–	–	(6)	–	(6)
Loss for the year	–	–	–	(7,107)	(7,107)
Total recognised expenses for the year	–	–	(6)	(7,107)	(7,113)
Shares issued at premium *(note 21(a) & (b))*	560	5,731	–	–	6,291
Share issue expenses	–	(432)	–	–	(432)
At 31 December 2004 and 1 January 2005	2,000	106,426	47	(97,383)	11,090
Transfer to income statement on disposal of available-for-sale financial assets – net expense recognised directly in equity	–	–	(47)	–	(47)
Loss for the year	–	–	–	(5,248)	(5,248)
Total recognised expenses for the year	–	–	(47)	(5,248)	(5,295)
Shares issued at premium *(note 21(d))*	2,000	3,200	–	–	5,200
Shares issue expenses	–	(511)	–	–	(511)
At 31 December 2005	4,000	109,115	–	(102,631)	10,484

Consolidated Cash Flow Statement
For the year ended 31 December 2005

	Note	2005 HK$'000	2004 HK$'000
Cash flow from operating activities			
Loss before income tax		(5,248)	(7,107)
Adjustments for:			
Depreciation		234	35
Finance costs		25	7
Loss on disposal of property, plant and equipment		62	10
Impairment loss recognised in respect of available-for-sale financial assets/investments in securities		2,043	3,808
Operating loss before working capital changes		(2,884)	(3,247)
Increase in financial assets at fair value through profit or loss		(3,096)	–
Decrease/(Increase) in prepayment, deposits paid and other receivables		1,977	(1,780)
(Decrease)/Increase in other payables		(2,093)	1,004
Increase/(Decrease) in amounts due to directors		295	(125)
Cash used in operations		(5,801)	(4,148)
Interest paid		(25)	(2)
Net cash used in operating activities		(5,826)	(4,150)
Cash flow from investing activities			
Acquisition of a subsidiary	*29*	3	–
Purchases of investments in available-for-sale financial assets/investments in securities		–	(3,564)
Proceeds from sale of available-for-sale financial assets		500	–
Purchases of property, plant and equipment		(1,258)	(209)
Proceeds from disposal of property, plant and equipment		970	12
Net cash generated from/(used in) investing activities		215	(3,761)
Cash flow from financing activities			
Net proceeds from issue of shares		4,689	5,859
Capital element of finance lease payments		(66)	(9)
Interest element of finance lease payments		–	(5)
Decrease/(Increase) in pledged deposit		1,000	(1,000)
Net cash from financing activities		5,623	4,845
Net increase/(decrease) in cash and cash equivalents		12	(3,066)
Cash and cash equivalents at 1 January		40	3,106
Cash and cash equivalents at 31 December		52	40

Notes to the Financial Statements

For the year ended 31 December 2005

1. NATURE OF OPERATIONS

The principal activity of Haywood Investments Limited (the "Company") is to act as an investment holding company. The principal activities of the Company's subsidiaries are set out in note 16 to the financial statements. The Group principally invests in listed and unlisted companies in Hong Kong and in other parts of the People's Republic of China, excluding Hong Kong (the "PRC") and investment property in Hong Kong.

The investment and acquisition of Summit Asset Holdings Limited ("Summit Asset") described in note 29 are in line with the Group's strategy to strengthen the investment portfolio of the Group.

2. GENERAL INFORMATION

The financial statements set out on pages 23 to 67 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (Revised) of the Cayman Islands. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the Company's registered office is Ugland House, PO Box 309, George Town, Grand Cayman, Cayman Islands and, its principal place of business is Unit 2206, 22nd Floor, Office Tower, Convention Plaza, No. 1 Harbour Road, Hong Kong.

The financial statements for the year ended 31 December 2005 were approved by the board of directors on 18 April 2006.

3. ADOPTION OF NEW/REVISED HKFRS

From 1 January 2005, the Group has adopted the new/revised standards and interpretations of HKFRS, which are relevant to its operations. This includes the following new, revised and renamed standards:

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 14	Segment Reporting
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 18	Revenue
HKAS 19	Employee Benefits
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS 40	Investment Property
HKFRS 2	Share-based Payment
HKFRS 3	Business Combinations
HK(SIC) Int-12	Scope of HKAS-Int 12 Consolidation-Special Purpose Entities
HK(SIC) Int-15	Operating Leases-Incentives
HK(SIC) Int-21	Income Taxes-Recovery of Revalued Non-Depreciable Assets

All the standards have been applied retrospectively except where specific transitional provisions require a different treatment. Significant effects on current, prior or future periods arising from the first-time application of the standards listed above in respect to presentation, recognition and measurement of accounts are described in the following notes:

Adoption of HKAS 32 and HKAS 39

Prior to the adoption of HKAS 39, non-trading securities are measured at fair value. Changes in fair value are dealt with in investment revaluation reserve until the securities are sold or determined to be impaired, at which time the cumulative gain or loss previously recognised in investment revaluation reserve is included in the income statement for that period.

On the adoption of HKAS 39, the Group classified its investment into available-for sale and measured its financial assets at fair value.

In accordance with the transitional provisions of HKAS 39, it does not permit the recognition, derecognition and measurement of financial assets and liabilities in accordance with the standard on a retrospective basis. Accordingly, the reclassification is made on 1 January 2005 and the comparative figures have not been restated.

The effect of changes in the accounting policies as a result of adopting HKAS 32 and 39 on the consolidated balance sheet is set out below. There was no effect on the income statement in the current or prior year:

At 1 January 2005	*HK$'000*
(Decrease)/increase in assets	
Investments in securities	(9,464)
Available-for-sale financial assets	9,464
	–

Other standards adopted

The adoption of other HKASs did not result in significant alterations to the Group's accounting policies. The specific transitional provisions contained in some of these standards were considered. The adoption of these other standards did not result in any changes to the amounts or disclosures in these financial statements.

New Standards or interpretations that have been issued but are not yet effective

The Group has not early adopted the following standards or interpretations that have been issued but are not yet effective. The adoption of such standards and interpretations will not result in substantial changes to the Group's accounting policies.

HKAS 1 (Amendment)	Capital Disclosures[1]
HKAS 19 (Amendment)	Employee Benefits-Actuarial Gains and Losses, Group Plans and Disclosures[2]
HKAS 21 (Amendment)	The Effects of Changes in Foreign Exchange Rates-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 (Amendment)	Financial Instruments: Recognition and Measurement and Insurance Contracts-Financial Guarantee Contracts[2]
HKFRS 1& HKFRS 6 (Amendments)	First-time Adoption of Hong Kong Financial Reporting Standards and Exploration for and Evaluation of Mineral Resources[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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The significant accounting policies that have been used in the preparation of these financial statements are summarised below.

The financial statements have been prepared on the historical cost basis except for the revaluation of investment properties and certain financial assets and liabilities. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 December each year. All material inter-company transactions and balances within the Group are eliminated on consolidation.

(c) Subsidiaries

Subsidiaries are entities (including special purpose entities) over which the Company has the power to control the financial and operating policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases.

Acquired subsidiaries are subject to application of the purchase method. This involves the revaluation at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated balance sheet at their revalued amounts, which are also used as the bases for subsequent measurement in accordance with the Group's accounting policies. Goodwill represents the excess of acquisition cost over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

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

In the Company's balance sheet, subsidiaries are carried at cost less any impairment loss. The results of the subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the balance sheet date.

(d) Property, plant and equipment

(i) Depreciation

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

Leasehold improvements	50%
Furniture, fixtures and equipment	20%
Motor vehicles	50%

Assets held under finance leases are depreciated over their estimated useful lives or where shorter the term of the lease using the same method as owned assets in the same category.

(ii) Measurement bases

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the assets to the working condition and location for its intended use. Subsequent expenditure relating to property, plant and equipment is added to the carrying amount of the assets if it can be demonstrated that such expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the assets. When assets are sold or retired, any gain or loss resulting from their disposal, being the difference between the net disposal proceeds and the carrying amount of the assets, is included in the income statement.

(e) Investment property

On initial recognition, investment property is measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment property is stated at fair value. Fair value is determined by directors or external professional valuers, with sufficient experience with respect to both the location and the nature of the investment property. The carrying amounts recognised in the balance sheet reflect the prevailing market conditions at the balance sheet date.

Any gain or loss resulting from either a change in the fair value or the sale of an investment property is immediately recognised in income statement.

(f) Leases

The economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The related asset is recognised at the time of inception of the lease at the present value of the lease payments plus incidental payments (the "initial value"), if any, to be borne by the lessee. A corresponding amount is recognised as a finance lease liability, irrespective or whether some of these lease payments are payable up-front at the date of inception of the lease.

Subsequent accounting for assets held under finance lease agreement, ie depreciation methods and useful lives corresponds to those applied to comparable acquired assets. The corresponding finance lease liability is reduced by lease payments less finance charges, which are expensed to finance costs.

All other leases are treated as operating leases. Operating lease payments are recognised as an expense on a straight-line basis over the terms of the lease. Affiliated costs, such as maintenance and insurance, are expensed as incurred.

(g) Financial assets

In previous year, the Group classified its investments in non-trading securities other than subsidiaries as investment in securities and were stated at fair value at the balance sheet date. Changes in the fair value of individual securities were credited or debited to the investment revaluation reserve until the security was sold, or was determined to be impaired. Upon disposal, the cumulative gain or loss representing the difference between the net sales proceeds and the carrying amount of the relevant security, together with any surplus/deficit transferred from the investment revaluation reserve, was dealt with in the income statement. Where there is objective evidence that individual investments were impaired, the cumulative loss recorded in the revaluation reserve was taken to the income statement.

From 1 January 2005 onwards, the Group classifies its financial assets into the following categories: loans and receivables, financial assets at fair value through profit or loss, available-for-sale financial assets and held-to-maturity investments. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the financial assets were acquired. The designation of financial assets is re-evaluated at every reporting date at which a choice of classification or accounting treatment is available.

All financial assets are recognised on their trade date. All financial assets that are not classified as fair value through profit or loss are initially recognised at fair value, plus transaction costs.

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. An assessment for impairment is undertaken at least at each balance sheet date whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

Financial assets at fair value through profit or loss include financial assets that are either held for trading or are designated by the Group to be carried at fair value through profit or loss on initial recognition.

Subsequent to initial recognition, the financial assets included in this category are measured at fair value with changes in fair value recognised in the income statement. Financial assets originally designated as financial assets at fair value through profit or loss may not subsequently be re-classified.

Available-for-sale financial assets include non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. All financial assets within this category are subsequently measured at fair value, unless otherwise disclosed, with changes in value recognised in equity, net of any effects arising from income taxes.

Upon disposal, the cumulative gain or loss previously recognised in equity is transferred to the income statement. When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is removed from equity and recognised in the income statement even though the financial asset has not been derecognised. Impairment losses previously recognised in the income statement on equity instruments will not reverse through income statement in subsequent periods. Impairment losses previously recognised in income statement on debt securities are subsequently reversed through income statement if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses at each balance sheet date subsequent to initial recognition. An impairment loss is recognised in income statement when there is objective evidence that the asset is impaired. The amount of the impairment loss is measured as the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not reverse in subsequent periods.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. Loans and receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any impairment losses. Any changes in their value are recognised in income statement.

Loans and receivables are provided against when objective evidence is received that the Group will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

(h) Impairment of assets

Property, plant and equipment and interests in subsidiaries are subject to impairment testing.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation.

An impairment loss is reversed if there has been a change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised

(i) Income tax

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in the income statement.

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amounts of assets and liabilities in the consolidated financial statements with their respective tax bases. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided for in full. Deferred tax assets are recognised to the extent that it is probable that they will be able to be offset against future taxable income. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Most changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement. Only changes in deferred tax assets or liabilities that relate to a change in value of assets or liabilities that is charged directly to equity are charged or credited directly to equity.

(j) Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand.

(k) Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

Any transaction costs associated with the issuing of shares are deducted from the share premium, net of any related income tax benefits to the extent they are incremental costs directly attributable to the equity transaction.

(l) Pension obligations and short term employee benefits

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions recognised in respect to defined contribution plans are expensed as they fall due. Liabilities and assets may be recognised if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short term nature.

Short-term employee benefits are recognised for the number of paid leave days (usually holiday entitlement) remaining at the balance sheet date. They are included in other payables at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

(m) Financial liabilities

The Group's financial liabilities include bank borrowings, other payables, amounts due to directors and finance lease liabilities. They are included in balance sheet line items "Borrowings", "Other payables" and "Amounts due to directors".

Financial liabilities are recognised when the Group becomes a party to the contractual agreement of the instrument. All interest related charges are recognised as an expense in "finance cost" in the income statement.

Finance lease liabilities are measured at initial value less the capital element of lease repayments.

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Other payables are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest rate method.

(n) Recognition of revenue

Interest income is accrued on a time basis by reference to the principal outstanding and the interest rates applicable.

Dividend income is recognised when the Group's right as a shareholder to receive payment is established.

(o) Foreign currencies

The financial statements are presented in Hong Kong Dollars (HK$), which is also the functional currency of the Company.

In the separate financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity 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 of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognised in the income statement under "other income" or "other operating expenses", respectively.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

In the consolidated financial statements, all separate financial statements of subsidiaries, originally presented in a currency different from the Group's presentation currency, have been converted into Hong Kong dollars. Assets and liabilities have been translated into Hong Kong dollars at the closing rate at the balance sheet date. Income and expenses have been converted into Hong Kong Dollars at the average rates over the reporting period. Any differences arising from this procedure have been dealt with in the currency translation reserve in equity. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into Hong Kong dollars at the closing rate.

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

(p) Segment reporting

In accordance with the Group's internal financial reporting the Group has determined that geographical segments be presented as the primary reporting format.

Unallocated costs represent corporate expenses. Segment assets consist primarily of property, plant and equipment, receivables, investment properties, financial assets at fair value through profit and loss and available-for-sale investments, and mainly exclude cash at banks. Segment liabilities comprise operating liabilities and exclude items such as amount due to directors.

Capital expenditure comprises additions to property, plant and equipment, including additions resulting from acquisitions through purchases of subsidiaries.

In respect of geographical segment reporting, revenues are based on the country in which the investment is located and total assets and capital expenditure are where the assets are located.

(q) Critical accounting estimates and judgements

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

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Investment properties

The investment property of the Group was stated at fair value in accordance with the accounting policy state in note 4(e). The fair value of the investment properties are determined by the directors as set out in note 15. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results.

In making the judgement, consideration has been given to assumptions that are mainly based on market conditions existing at the balance sheet dates and appropriate capitalisation rates. These estimates are regularly compared to actual market data and actual transactions entered into by the Group.

Impairment of available-for-sale financial assets

The Group follows the guidance of HKAS 39 when determining whether an investment in available-for-sale financial assets is other-than-temporarily impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the expected time span the Group will hold on to this investment.

5. SEGMENT INFORMATION

The Group makes investments in Hong Kong and in other parts of the PRC. These geographical markets are the basis on which the Group reports its primary segment information.

Segment information about these geographical markets is presented below:

	Hong Kong		PRC		Total	
	2005	**2004**	**2005**	**2004**	**2005**	**2004**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue – turnover	177	49	–	–	177	49
Results						
Segment results	(352)	(3,575)	(2,043)	(744)	(2,395)	(4,319)
Unallocated corporate expenses					(2,828)	(2,781)
Loss from operations					(5,223)	(7,100)
Finance costs					(25)	(7)
Loss before income tax					(5,248)	(7,107)
Income tax expense					–	–
Loss for the year					(5,248)	(7,107)
Assets						
Segment assets	7,384	3,564	6,874	8,917	14,258	12,481
Unallocated corporate assets					52	206
Total assets					14,310	12,687
Liabilities						
Segment liabilities	(3,326)	(66)	–	–	(3,326)	(66)
Unallocated corporate liabilities					(500)	(1,531)
Total liabilities					(3,826)	(1,597)
Other information						
Capital expenditure	1,258	284	–	–	1,258	284
Depreciation	234	35	–	–	234	35
Impairment loss recognised in income statement	–	3,064	2,043	744	2,043	3,808

No business segment analysis is presented as less than 10% of the Group's revenue and contribution to loss from operations is attributable to the investment property.

6. REVENUE AND TURNOVER

	2005	**2004**
	HK$'000	*HK$'000*
Interest income	127	49
Dividend income	50	–
	177	49

7. IMPAIRMENT LOSS RECOGNISED IN RESPECT OF AVAILABLE-FOR-SALE FINANCIAL ASSETS/INVESTMENTS IN SECURITIES

	2005	**2004**
	HK$'000	*HK$'000*
Unlisted equity securities:		
– Tianjin Standard International Building Materials Industry Co., Ltd 天津標準國際建材工業有限公司 ("Tianjin Standard") *(note 17(b)(i))*	2,043	744
– Koffman Asset Holdings Limited ("Koffman Asset") *(note 17(b)(iii))*	–	3,064
	2,043	3,808

8. LOSS FROM OPERATIONS

	2005	**2004**
	HK$'000	*HK$'000*
Loss from operations is arrived at after charging/(crediting):		
Auditors' remuneration		
– current year	123	197
– overprovision in prior year	(76)	(12)
Depreciation		
– owned assets	234	24
– leased assets	–	11
Investment management fee	369	203
Financial assets at fair value through profit or loss		
– fair value loss	150	–
– fair value gain	(36)	–
Gain on disposal of financial assets at fair value through profit or loss	(25)	–
Loss on disposal of property, plant and equipment	62	10
Operating lease charges on office premises	226	446
Retirement benefits scheme contributions	22	43
Staff costs (including directors' remuneration (note 10(a)) but excluding retirement benefits scheme contributions)	1,155	1,018
Write off of other payables	(240)	(102)

9. FINANCE COSTS

	2005 *HK$'000*	2004 *HK$'000*
Finance charges on finance leases	25	5
Interest charges on other loan	–	2
	25	7

10. DIRECTORS' AND EMPLOYEES' REMUNERATION

(a) Remuneration of the directors for the year is as follows:

	Fees *HK$'000*	Salaries and allowances *HK$'000*	Retirement benefits scheme contributions *HK$'000*	Total *HK$'000*
2005				
Executive directors				
Mr. Tham Ming Yong *(note (i))*	50	–	–	50
Mr. Phang Yul Cher Yeow	312	–	8	320
Mr. Zhou Chao *(note (ii))*	280	–	–	280
Ms. Huang Song *(note (iii))*	60	–	–	60
Mr. Chu Kin Wang, Peleus *(note (iv))*	113	7	4	124
Mr. Tai Ah Lam, Michael *(note (v))*	–	–	–	–
Non-executive directors				
Mr. Wong Yao Dong *(note (vi))*	10	–	–	10
Mr. Fong Chi Hou *(note (vi))*	–	–	–	–
Independent non-executive directors				
Ms. Lam Lin Chu *(note (vii))*	45	–	–	45
Mr. Liu Wing Ting, Stephen *(note (iii))*	60	–	–	60
Ms. Tse Po Chu *(note (iv))*	35	–	–	35
Mr. Wong Wing Hang, Henry *(note (viii))*	30	–	–	30
	995	7	12	1,014

(i) resigned on 7 July 2005

(ii) appointed on 1 June 2005

(iii) appointed on 7 July 2005

(iv) appointed on 16 September 2005

(v) resigned on 16 September 2005

(vi) appointed on 1 November 2005

(vii) appointed on 4 April 2005

(viii) resigned on 31 March 2005

	Fees	Salaries and allowances	Retirement benefits scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
2004				
Executive directors				
Mr. Tham Ming Yong	36	58	3	97
Mr. Phang Yul Cher Yeow	–	182	5	187
Mr. Wong Fong Kim	–	–	–	–
Mr. Tai Ah Lam, Michael	–	–	–	–
Independent non-executive directors				
Mr. Chang Kin Man	49	–	–	49
Dr. Wong Yun Kuen, Edward	90	–	–	90
Mr. Wong Wing Hang, Henry	42	–	–	42
Mr. Hsieh Dominick	–	–	–	–
	217	240	8	465

No directors waived or agreed to waive any emoluments in respect of the year (2004: Nil).

No emoluments were paid to the directors as an inducement to join or upon joining the Group or as compensation for loss of office during the year (2004: Nil).

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included four (2004: two) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining one (2004: three) individual during the year are as follows:

	2005	2004
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	71	344
Retirement benefits scheme contributions	–	10
	71	354

The emoluments of all individuals were within the band ranging from Nil to HK$1,000,000 of the year (2004: Nil).

No emoluments were paid to the highest paid individual (2004: three) as an inducement to join or upon joining the Group or as compensation for loss of office during the year (2004: Nil).

11. INCOME TAX EXPENSE

No Hong Kong Profits Tax has been provided in the financial statements as the Group did not have any assessable profits during the year (2004: Nil).

Reconciliation between accounting loss and tax expense at applicable tax rates is as follows:

	2005	**2004**
	HK$'000	*HK$'000*
Loss before income tax	(5,248)	(7,107)
Tax at applicable rate of 17.5%	(918)	(1,244)
Tax effect of non-deductible expenses	468	709
Tax losses not recognised as deferred tax asset	450	535
Income tax expense	–	–

At 31 December 2005, a deferred tax asset of approximately HK$2,686,000 (2004: HK$2,236,000) in respect of tax losses available to offset future profits was not recognised in the financial statements as it is not certain that the Group will generate future taxable profits to enable it to utilise such tax losses. This tax loss has no expiry date.

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

Of the consolidated loss for the year of HK$5,248,000 (2004: HK$7,107,000), a loss of HK$4,171,000 (2004: HK$7,084,000) has been dealt with in the financial statements of the Company.

13. LOSS PER SHARE

The calculation of the basic loss per share is based on the consolidated loss for the year attributable to the equity holders of the Company of HK$5,248,000 (2004: HK$7,107,000) and on the weighted average number of 136,547,945 (2004: 70,809,180, restated) shares in issue during the year as adjusted for the share consolidation on the basis of every five ordinary shares of the Company of HK$0.01 each into two ordinary shares of HK$0.025 each (note 21(c)).

Diluted loss per share amounts have not been presented because there were no dilutive potential shares.

14. PROPERTY, PLANT AND EQUIPMENT

(a) Group

	Leasehold improvements *HK$'000*	Furniture, fixtures and equipment *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
At 1 January 2004				
Cost	–	–	–	–
Accumulated depreciation	–	–	–	–
Net book amount	–	–	–	–
Year ended 31 December 2004				
At 1 January 2004	–	–	–	–
Additions	29	255	–	284
Disposals	–	(22)	–	(22)
Depreciation	(7)	(28)	–	(35)
At 31 December 2004	22	205	–	227
At 31 December 2004				
Cost	29	231	–	260
Accumulated depreciation	(7)	(26)	–	(33)
Net book amount	22	205	–	227
Year ended 31 December 2005				
At 1 January 2005	22	205	–	227
Additions	321	97	840	1,258
Disposals	(34)	(262)	(736)	(1,032)
Depreciation	(107)	(23)	(104)	(234)
At 31 December 2005	202	17	–	219
At 31 December 2005				
Cost	302	20	–	322
Accumulated depreciation	(100)	(3)	–	(103)
Net book amount	202	17	–	219

(b) **Company**

	Leasehold improvements *HK$'000*	Furniture, fixtures and equipment *HK$'000*	Total *HK$'000*
At 1 January 2004			
Cost	–	–	–
Accumulated depreciation	–	–	–
Net book amount	–	–	–
Year ended 31 December 2004			
At 1 January 2004	–	–	–
Additions	29	255	284
Disposals	–	(22)	(22)
Depreciation	(7)	(28)	(35)
At 31 December 2004	22	205	227
At 31 December 2004			
Cost	29	231	260
Accumulated depreciation	(7)	(26)	(33)
Net book amount	22	205	227
Year ended 31 December 2005			
At 1 January 2005	22	205	227
Additions	302	20	322
Disposals	(22)	(205)	(227)
Depreciation	(100)	(3)	(103)
At 31 December 2005	202	17	219
At 31 December 2005			
Cost	302	20	322
Accumulated depreciation	(100)	(3)	(103)
Net book amount	202	17	219

(c) At 31 December 2004, the cost of property, plant and equipment included an amount of HK$80,000 in respect of assets held under finance leases and the related accumulated depreciation amounted to HK$11,000. The finance lease liabilities were fully repaid during the year.

15. INVESTMENT PROPERTY – GROUP

	2005 *HK$'000*	**2004** *HK$'000*
Carrying amount as at 1 January	–	–
Additions	3,860	–
Carrying amount as at 31 December	3,860	–

In the opinion of the directors, the property interests held under operating leases are classified as investment property due to the potential of earning rentals or for capital appreciation or both, rather than for (a) use in the production or supply of goods or services or for administrative purposes; or (b) sale in the ordinary course of business and are measured using the fair value model.

Investment property was revalued on 28 December 2005 by an independent, professionally qualified valuer, Centraline Surveyors. The valuation ("professional valuation") was based on current prices in an active market. At 31 December 2005, investment property was stated at valuation estimated by the directors of the Company with reference to the professional valuation. Investment property is located in Hong Kong and held under a medium term lease.

The investment property has been pledged as security for certain bank borrowings as set out in note 19.

No outgoings was incurred since the acquisition of this investment property.

16. INTERESTS IN SUBSIDIARIES – COMPANY

	2005	**2004**
	HK$'000	*HK$'000*
Unlisted shares, at cost	10	–
Amounts due from subsidiaries	53,774	51,204
Less: Impairment loss	(42,086)	(40,089)
	11,698	11,115

The amounts due from subsidiaries are unsecured, interest free and have no fixed repayment terms. In the opinion of the directors, no part of the amount will be repayable within one year from the balance sheet date and the balances are therefore shown as non-current.

Particulars of subsidiaries at 31 December 2005 are as follows:

Name	**Place of incorporation/ operations**	**Particulars of issued capital**	**Percentage of issued capital held by the Company**		**Principal activities**
			Directly	**Indirectly**	
Double Dragon Profits Limited*	Hong Kong	2 ordinary shares of HK$1 each	100%	–	Provision of management services
Gold Canal International Limited ("Gold Canal")	British Virgin Islands ("BVI")	10 ordinary shares of US$1 each	–	100%	Investment holding
Good Place Investments Limited*	Hong Kong	2 ordinary shares of HK$1 each	100%	–	Inactive
Mega Way *	Hong Kong	10,000 ordinary shares of HK$1 each	100%	–	Investment in Hong Kong listed shares
New Portfolio Limited	BVI	1 ordinary share of US$1 each	100%	–	Investment holding

Name	Place of incorporation/ operations	Particulars of issued capital	Percentage of issued capital held by the Company Directly	Indirectly	Principal activities
Speedy Zone Limited	BVI	1 ordinary shares of US$1 each	100%	–	Inactive
Summit Asset*	Hong Kong	10 ordinary shares of HK$1 each	100%	–	Properties investment

* Not audited by Grant Thornton or other Grant Thornton International member firms.

17. AVAILABLE-FOR-SALE FINANCIAL ASSETS/INVESTMENTS IN SECURITIES

	Group 2005	Group 2004	Company 2005	Company 2004
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Equity securities listed in Hong Kong *(Note 17(a))*	–	47	–	47
Unlisted equity securities *(Note 17(b))*	6,874	9,417	–	–
	6,874	9,464	–	47

Particulars of available-for-sale financial assets at 31 December 2005 are as follows:

(a) Securities listed on the Stock Exchange – Group and Company

Name of investee company	Place of Incorporation	Number of shares held	Cost	Market value/ Fair value
			HK$'000	*HK$'000*
At 31 December 2004				
Riche Multi-Media Holding Limited	Bermuda	220,000	–	47

The Group's interest in this company is less than 1% as at 31 December 2004 and was disposed of during the current year.

(b) Unlisted securities – Group

Name of investee company	Note	Place of incorporation	Cost 2005	Cost 2004	Accumulated impairment losses 2005	Accumulated impairment losses 2004	Carrying value 2005	Carrying value 2004
			HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Tianjin Standard	*(i)*	PRC	17,461	17,461	(10,587)	(8,544)	6,874	8,917
Standard Supplies Limited ("Standard Supplies")	*(ii)*	Hong Kong	–	500	–	–	–	500
Koffman Asset	*(iii)*	BVI	3,064	3,064	(3,064)	(3,064)	–	–
			20,525	21,025	(13,651)	(11,608)	6,874	9,417

(i) Pursuant to various agreements entered into in December 2000, the Group acquired all the issued share capital of Gold Canal for a nominal value, changed the terms of the convertible loan note such that it has become interest-free and has neither fixed repayment terms nor the right to conversion. Gold Canal's sole asset is a 21% equity interest in Tianjin Standard, which is principally engaged in the manufacture and trading of building materials and the provision of related consultancy services. In the opinion of the directors, since the acquisition of Gold Canal by the Group, the Group has not been in a position to exercise any significant influence over the financial and operating policies of Tianjin Standard due to the lack of representation on the board of directors in Tianjin Standard. Accordingly, Tianjin Standard is accounted for as an unlisted equity security. Based on Tianjin Standard's audited PRC financial statements for the year ended 31 December 2005, the company continued to make losses and therefore, an additional impairment charge of HK$2,043,000 (2004: HK$744,000) was made for the year after taking into account the investee's current year's results.

At 31 December 2005, the carrying amount of interests in Tianjin Standard exceeded 10% of total assets of the Group.

(ii) The Group subscribed for 425,000 class "A" shares and 75,000 class "B" shares of Standard Supplies at the consideration of HK$500,000 on 19 October 2004. The Group owned 25% of Standard Supplies' shareholding after subscription which is principally involved in the trading of flooring materials in Hong Kong and PRC. In the opinion of the directors, the Group has not been in a position to exercise any significant influence over the financial and operating policies of Standard Supplies. Accordingly, Standard Supplies is accounted for as an unlisted equity security. On 29 July 2005, the Group disposed its entire interest in this investment to a third party at a consideration of HK$500,000.

(iii) Pursuant to the subscription agreement dated 5 May 2004, the Group subscribed for 10 new shares of Koffman Asset at the consideration of approximately HK$3,064,000 representing a 9.1% equity interest in that company. The consideration was satisfied by setting off the same against the amount of loan owed by Koffman Professional Insurance Brokerage Limited, a subsidiary of Koffman Asset. Koffman Asset is a company principally involved in an insurance brokerage business which operated in Hong Kong. In 2004, Koffman Asset encountered financial difficulties and ceased operations, and accordingly an impairment charge was made against the full investment cost in 2004.

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

		Group		**Company**	
		2005	**2004**	**2005**	**2004**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Securities listed in Hong Kong	(a)	2,710	–	110	–
Unlisted security	(b)	386	–	386	–
		3,096	–	496	–

(a) Securities listed in Hong Kong

Name of investee company	Note	Place of incorporation/ registration	Number of units/ shares held	Cost	Market value/Fair value
				HK$'000	*HK$'000*
At 31 December 2005					
Debt security					
The Link REIT	*(i)*	Hong Kong Unit Trust authorised under section 104 of the Securities and Futures Ordinance	7,500 units	74	110
Equity security					
Midland Holdings Limited	*(ii)*	Bermuda	650,000 shares	2,750	2,600
				2,824	2,710

(i) Securities directly held by the Company.

(ii) At 31 December 2005, the carrying amount of interests in this company exceeded 10% of total assets of the Group.

(iii) The Group's interests in these investments were less than 1% as at 31 December 2005.

(b) Unlisted security

	Notes	Group and Company 2005	2004
		HK$'000	*HK$'000*
Designated as financial assets at fair value through profit or loss on initial recognition			
Investment in Rise Profits Holdings Limited ("Rise Profits")	*(i)*	–	–
Loan to Rise Profits	*(ii)*	386	–
		386	–

Note:

(i) The Group subscribed for 3 ordinary shares of Rise Profits of HK$1 per ordinary share on 21 July 2005 which represents 30% equity interest in that company. Rise Profits is principally involved in the investment holding of a taxi and its licence in Hong Kong. In the opinion of the directors, Rise Profits is intended to be held temporarily and the directors are actively seeking a buyer to dispose of its entire interest in Rise Profits. In this connection, the investment in Rise Profits is accounted for as an unlisted equity security rather than investment in an associate. With reference to the market price of a taxi and its license quoted by a taxi agent as at 31 December 2005, the directors considered that the carrying value of this investment approximated its fair value at that date.

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

19. BORROWINGS

	Group		Company	
	2005	**2004**	**2005**	**2004**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-current				
Bank borrowings, secured	2,565	–	–	–
Finance lease liabilities	–	52	–	52
	2,565	52	–	52
Current				
Bank borrowings, secured	121	–	–	–
Finance lease liabilities	–	14	–	14
	121	14	–	14
Total borrowings	2,686	66	–	66

Bank borrowings are denominated in Hong Kong Dollar, secured by the investment property of the Group (Note 15) and joint and several guarantee by Mr. Zhou Chao and Ms. Huang Song, directors of the Company, which is at nil consideration, and bear interest at variable interest rate.

Finance lease liabilities are effectively secured as the rights to the leased asset which will revert to the lessor in the event of default.

At 31 December 2005, the Group's bank borrowings (excluding finance lease liabilities) were repayable as follows:

	2005	**2004**
	HK$'000	*HK$'000*
Within one year	121	–
In the second year	128	–
In the third to fifth year	446	–
Wholly repayable within 5 years	695	–
After the fifth year	1,991	–
	2,686	–

The analysis of the finance lease liabilities is as follows:

	Group and Company	
	2005	**2004**
	HK$'000	*HK$'000*
Due within one year	–	20
Due in the second to fifth years	–	59
	–	79
Future finance charges on finance leases	–	(13)
Present value of finance lease liabilities	–	66

The present value of finance lease liabilities is as follows:

Due within one year	–	14
Due in the second to fifth years	–	52
	–	66
Less: Portion due within one year included under current liabilities	–	(14)
Non-current portion included under non-current liabilities	–	52

20. AMOUNTS DUE TO DIRECTORS

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

21. SHARE CAPITAL

	2005		2004	
	Number of shares	*HK$'000*	*Number of shares*	*HK$'000*
Authorised:				
Ordinary shares of HK$0.01 each at 1 January	200,000,000	2,000	200,000,000	2,000
Increase in ordinary shares of HK$0.01 each on 17 March 2005 *(Note 21(c))*	800,000,000	8,000	–	–
Consolidation of five ordinary shares of HK$0.01 each to two ordinary shares of HK$0.025 each on 17 March 2005 *(Note 21(c))*	(600,000,000)	–	–	–
Ordinary shares of HK$0.025 each (2004: HK$0.01) at 31 December	400,000,000	10,000	200,000,000	2,000

	Number of shares	HK$'000
Issued and fully paid:		
Ordinary shares of HK$0.01 each at 1 January 2004	144,000,000	1,440
Shares issued on 29 March 2004 *(Note 21(a))*	28,800,000	288
Shares issued on 4 August 2004 *(Note 21(b))*	27,200,000	272
Ordinary shares of HK$0.01 each at 31 December 2004 and 1 January 2005	200,000,000	2,000
Consolidation of five ordinary shares of HK$0.01 each to two ordinary shares of HK$0.025 each on 17 March 2005 *(Note 21(c))*	(120,000,000)	–
Issue of ordinary shares of HK$0.025 each on 18 April 2005 *(Note 21(d))*	80,000,000	2,000
Ordinary shares of HK$0.025 each at 31 December 2005	160,000,000	4,000

(a) On 10 March 2004, the Company entered into a placing agreement for the placing of 28,800,000 new shares ("Placing Shares") at a price of HK$0.124 per Placing Share (the "Placement"). The Placing Shares rank pari passu in all respects with the existing issued share capital of the Company.

(b) On 10 June 2004, the Company entered into a subscription agreement to allot and issue 27,200,000 new shares ("Subscription Shares") to a subscriber in cash at a subscription price of HK$0.10 per Subscription Share. The Subscription Shares rank pari passu in all respects with the existing issued share capital of the Company.

(c) Pursuant to the shareholders' approval at the extraordinary general meeting held on 17 March 2005, the authorised share capital of the Company was increased from HK$2,000,000 divided into 200,000,000 shares of HK$0.01 each to HK$10,000,000 divided into 1,000,000,000 shares of HK$0.01 each by creation of an additional 800,000,000 unissued shares of HK$0.01 each. On the same date, a share consolidation of every five existing ordinary shares of HK$0.01 par value each into two new ordinary shares of HK$0.025 par value each ("New Shares") was approved. The New Shares rank pari passu in all respects with the then issued share capital of the Company.

(d) On 28 January 2005, the Company entered into an underwriting agreement for the open offer of 80,000,000 new shares at HK$0.065 per share ("Offer Share") on the basis of one offer share for every New Share held on record date ("Open Offer"). An ordinary resolution in respect of the Open Offer was passed at the extraordinary general meeting held on 17 March 2005. The Offer Shares rank pari passu in all respects with the existing share capital of the Company. The Open Offer was completed on 18 April 2005.

22. SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "Scheme") on 23 May 2002. The directors may, at their absolute discretion, make an offer to any participant to take up options. An offer is deemed to have been accepted by the grantee upon the duplicate of the offer letter comprising acceptance of the offer being duly signed by the grantee and paying HK$1 by way of consideration for the grant thereof.

The subscription price for shares in the Company under the Scheme shall be no less than the highest of (i) the closing price of the shares of the Company as stated in the daily quotations sheet of the Stock Exchange on the date on which an option is granted, (ii) the average closing prices of the shares of the Company as stated in the daily quotations sheets of the Stock Exchange for the five business days immediately preceding the date on which an option is granted, and (iii) the nominal value of a share of the Company on the date on which an option is granted.

The total number of shares of the Company which may be issued upon exercise of all options to be granted under the Scheme and any other share option schemes of the Company shall not in aggregate exceed 12,000,000 shares of the Company, being 10% of the total number of shares of the Company in issue as at the date of approval of the Scheme. An option may be exercised during a period to be notified by the directors but may not be exercised after the expiry of 10 years after the date of grant of the option.

The maximum entitlement for any one participant is that the total number of shares issued and to be issued upon exercise of the options granted or to be granted to each participant under the Scheme in any 12-month period must not exceed 1% of the total number of shares in issue of the Company. Any further grant of options in excess of the 1% limit shall be subject to shareholders' approval in general meeting with such participant and his associates abstaining from voting. The Scheme will remain in force for a period of 10 years from 23 May 2002.

No options have been granted since the adoption of the Scheme.

23. RESERVES – GROUP

	2005	**2004**
	HK$'000	*HK$'000*
Share premium	109,115	106,426
Investment revaluation reserve	–	47
Accumulated losses	(102,631)	(97,383)
	6,484	9,090

Movements in the Group's reserves during the year are set out in the consolidated statement of changes in equity of the financial statements.

Under the Companies Law (Revised) of the Cayman Islands, the share premium of the Company is available for distributions or paying dividends to shareholders subject to the provisions of its Memorandum or Articles of Association and provided that immediately following the distribution or dividend the Company is able to pay its debts as they fall due in the ordinary course of business.

The investment revaluation reserve represents the net unrealised gain on revaluation of available-for-sale financial assets/investments in securities at the balance sheet date.

24. RESERVES – COMPANY

	Share premium	Investment revaluation reserve	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2004	101,127	53	(90,272)	10,908
Unrealised loss arising on revaluation of investments – net expense recognised directly in equity	–	(6)	–	(6)
Loss for the year	–	–	(7,084)	(7,084)
Total recognised expenses for the year	–	(6)	(7,084)	(7,090)
Shares issued at premium *(note 21(a) and (b))*	5,731	–	–	5,731
Share issue expenses	(432)	–	–	(432)
At 31 December 2004 and 1 January 2005	106,426	47	(97,356)	9,117
Transfer to income statement on disposal of available-for-sale financial assets – net expense recognised directly in equity	–	(47)	–	(47)
Loss for the year	–	–	(4,171)	(4,171)
Total recognised expenses for the year	–	(47)	(4,171)	(4,218)
Shares issued at premium *(note 21(d))*	3,200	–	–	3,200
Share issue expenses	(511)	–	–	(511)
At 31 December 2005	109,115	–	(101,527)	7,588

Details of the share premium account and investment revaluation reserve of the Company are set out in note 23 above.

25. NET ASSET VALUE PER SHARE

The calculation of the net asset value per share is based on the net assets of the Group as at 31 December 2005 of HK$10,484,000 (2004: HK$11,090,000) and 160,000,000 (2004: 80,000,000, restated) ordinary shares in issue as at that date after adjusting for the effect of the share consolidation as set out in note 21(c).

26. OPERATING LEASE COMMITMENTS

The total future minimum lease payments under non-cancellable operating leases in respect of land and buildings are payable by the Group and the Company as follows:

	Group		Company	
	2005	**2004**	**2005**	**2004**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within one year	476	–	368	–
In the second to fifth years	130	–	125	–
	606	–	493	–

The Group leases a number of properties under operating leases. The leases run for an initial period of one to two years, without an option to renew the lease terms at the expiry date or at dates as mutually agreed between the Group and respective landlords. None of the leases include contingent rentals.

27. RELATED PARTY TRANSACTIONS

During the year, the Company had the following related party transactions:

	2005	**2004**
	HK$'000	*HK$'000*
Management fee expenses		
Haywood Investment Management Limited *(note 27(a))*	–	103
Altus Capital Limited ("Altus") *(note 27(b))*	–	100
Hua Yu Investment Management Limited ("Hua Yu") *(note 27(c))*	369	–

Note:

(a) The management fee was charged in accordance with the management agreement dated 6 July 1988 (the "Agreement"). Management fees and incentive fees were calculated at 1.5% per annum of the net asset value of the Company at each preceding month end as defined in the Agreement and 10% of the surplus in the net asset value (with appropriate adjustment) over the preceding financial year, respectively, in accordance with the Agreement. The Group entered into an agreement with Haywood Investment Management Limited on 4 March 2004, whereby both parties had conditionally agreed to terminate the above mentioned agreement.

Haywood Investment Management Limited is a company in which Mr. Wong Fong Kim, a former director of the Company, has a 9% beneficial interest.

(b) The Group entered into an agreement with Altus on 4 March 2004, whereby Altus had agreed to provide investment management services to the Company for a period from the effective date of its appointment until 30 December 2005.

The investment management fee was calculated at the higher of 1.5% per annum of the net asset value as at the immediately preceding valuation date on the basis of the actual number of days in the relevant calendar month over a year of 365 days or an amount of not less than HK$30,000 per month,

The Group entered into an agreement with Altus during the year, whereby both parties had conditionally agreed to terminate the above mentioned agreement effective on 1 January 2005.

(c) On 12 May 2005, the Company entered into new investment management agreement with Hua Yu with effect from 20 May 2005 to replace Altus.

Investment management fees to Hua Yu are calculated at 0.375% of the net asset value per quarter, subject to a minimum of HK$150,000 per three months.

28. CONTINGENT LIABILITIES

At 31 December 2005, both the Group and the Company had no material contingent liabilities (2004: Nil).

29. BUSINESS COMBINATIONS

On 27 December 2005, the Group acquired 100% of the share capital of Summit Asset, a property investment company. If the acquisition had occurred on 1 January 2005, the Group's revenue and loss for the year would have been HK$178,000 and HK$5,473,000 respectively. Details of the net assets acquired of Summit Asset is as follows:

Purchase consideration	**2005**
	HK$'000
Cash paid	–

The assets and liabilities arising from the acquisition are as follows:

	Fair value and acquiree's carrying amount
	HK$'000
Cash and cash equivalents	3
Investment property	3,860
Other receivables	230
Payables	(1,407)
Borrowings	(2,686)
Net assets acquired	–
Purchase consideration settled in cash	–
Cash and cash equivalents in subsidiary acquired	3
Cash inflow on acquisition	3

30. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks which result from both its operating and investing activities. The Group's risk management is coordinated at its headquarters, in close co-operation with the board of directors, and focuses on actively securing the Group's short to medium term cash flows by minimising the exposure to financial markets. Long term financial investments are managed to generate lasting returns.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed to are described below.

(a) Foreign currency risk

The Group's exposure to risk resulting from changes in foreign currency exchange rates is minimal.

(b) Credit risk

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the face of the balance sheet (or in the detailed analysis provided in the notes to the financial statements). Credit risk, therefore, is only disclosed in circumstances where the maximum potential loss differs significantly from the financial asset's carrying amount.

The Group's other receivables are actively monitored to avoid significant concentrations of credit risk.

(c) Cash flow and fair value interest rate risks

The Group has no significant interest-bearing assets. The Group's interest rate risk arises from long term borrowings. The interest rates and terms of repayment of the borrowings are disclosed in note 19.

(d) Fair value

The fair value of the Group's financial assets and liabilities are not materially different from their carrying amounts because of the immediate or short term maturity of these financial instruments. The fair value of long-term borrowings is not disclosed because the carrying value is not materially different from the fair value.

C. MATERIAL CHANGE

Save as disclosed in the audited full year consolidated financial statements of the Group for the year ended 31 December 2005, the Directors confirm that there were no material change in the financial or trading position or outlook of the Group subsequent to 31 December 2005, being the date to which the last audited financial statements of the Company were made up, up to the Latest Practicable Date.

D. STATEMENT OF INDEBTEDNESS

Borrowings

At the close of business on 31 May 2006, being the latest practicable date for purpose of this indebtedness statement prior to the printing of this prospectus, the Group had amount due to Mr. Zhou, an executive Director, amounting to approximately HK$83,000 and mortgage loan balance amounting to approximately HK$2,636,000. The amount due to Mr. Zhou is non-interest bearing.

The mortgage loan is denominated in Hong Kong Dollar, secured by (i) the investment property of the Group and (ii) joint and several guaranteed by Mr. Zhou and Ms. Huang Song, executive Directors (at nil consideration) and bear interest at variable interest rate with an effective interest rate of approximately 5.75% per annum as at the Latest Practicable Date.

Contingent liabilities

As at 31 May 2006, the Group did not have any material contingent liabilities.

Disclaimer

Save as aforesaid and apart from intragroup liabilities, no companies within the Group had outstanding as at 31 May 2006 in respect of any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, obligation under finance lease contracts, liabilities under acceptance (other than normal trade bills), acceptance credits, mortgages, charges, finance leases or hire purchase commitments guarantees or other material contingent liabilities.

E. WORKING CAPITAL

The Directors are of the opinion that, taking into account the cashflow generated from the operating activities, the financial resources available for the Group, including internally generated funds, the available credit facilities and the estimated net proceeds of the Open Offer, the Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of this prospectus.

F. UNAUDITED PRO FORMA NET TANGIBLE ASSETS

The following is a statement of the unaudited pro forma net tangible assets of the Group which has been prepared in accordance with Rule 4.29 of the Listing Rules to illustrate the effect of the Open Offer as if it had taken place on 31 December 2005. The unaudited pro forma financial information has been prepared for illustrative purposes only, and because of its nature, it may not give a true picture of the Company's financial position following the Open Offer.

This statement is based on the audited consolidated net tangible assets of the Group as at 31 December 2005 as shown in the financial statements of the Group for the year ended 31 December 2005, after giving effect to the pro forma adjustments described in the notes thereto. A narrative description of the pro forma adjustments of the Open Offer that are (i) directly attributable to the transaction; (ii) expected to have a continuing impact on the Group; and (iii) factually supportable, are summarised in the accompanying notes.

The unaudited pro forma net tangible assets of the Group is based on a number of assumptions, estimates and uncertainties. The accompanying unaudited pro forma net tangible assets of the Group does not purport to describe the actual financial position of the Group that would have been attained had the Open Offer been completed on 31 December 2005. The unaudited pro forma net tangible assets of the Group does not purport to predict the future financial position of the Group:

	Audited net tangible assets of the Group as at 31 December 2005	**Estimated net proceeds from the Open Offer**	**Unaudited pro forma net tangible assets**	**Unaudited pro forma net tangible assets per Share**
	HK$'000	*HK$'000*	*HK$'000*	*HK cents*
		(note 1)		*(note 2)*
Based on 80,000,000 Offer Shares at the Subscription Price of HK$0.07 each	10,484	4,800	15,284	6.37

Notes:

1. The estimated net proceeds from the Open Offer are based on the Subscription Price of HK$0.07 per Offer Share after deduction of the estimated related expenses of approximately HK$0.8 million in connection with the Open Offer.

2. The calculation of the unaudited pro forma adjusted net tangible assets of the Group per Share is based on 240,000,000 Shares in issue after the completion of the Open Offer.

G. REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

Certified Public Accountants
Member of Grant Thornton International

Grant Thornton
均富會計師行

29 June 2006

The Directors
Apex Capital Limited
(formerly known as Haywood Investments Limited)
Room 2206, 22/F
Office Tower Convention Plaza
1 Harbour Road
Wanchai
Hong Kong

Dear Sirs

Accountants' report on the unaudited pro forma net tangible assets
To the Directors of Apex Capital Limited (the "Company") (formerly known as Haywood Investments Limited)

We report on the unaudited pro forma net tangible assets of the Company and its subsidiaries (collectively referred to as the "Group"), which has been prepared by the directors for illustrative purposes only, to provide information about how the proposed open offer ("Open Offer") of the Company might have affected the financial information presented, for inclusion in Appendix I of the Company's prospectus dated 29 June 2006 (the "Prospectus"). The basis of preparation of the unaudited pro forma net tangible assets is set out in the section headed "Unaudited pro forma net tangible assets" which is set out on page 53 Appendix I to the Prospectus.

Respective Responsibilities of Directors of the Company and Reporting Accountants

It is the responsibility solely of the directors of the Company to prepare the unaudited pro forma net tangible assets 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 AG 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by paragraph 4.29 of the Listing Rules on the unaudited pro forma net tangible assets and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma net tangible assets 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' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma net tangible assets 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 unaudited pro forma net tangible assets has 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 unaudited pro forma net tangible assets as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

The unaudited pro forma net tangible assets is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, 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 Group as at 31 December 2005 or any future date.

Opinion

In our opinion:

a. the unaudited pro forma net tangible asset has been properly compiled by the directors of the Company on the basis stated;

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

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

Yours faithfully,
Grant Thornton
Certified Public Accountants
Hong Kong

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

2. SHARE CAPITAL OF THE COMPANY

(1) Authorised and issued share capital

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

		HK$
Authorised:		
400,000,000	Shares of HK$0.025 each	10,000,000
Issued and fully paid up or credited as fully paid up:		
160,000,000	Shares of HK$0.025 each	4,000,000

All existing Shares rank equally in all respects, including in particular as to dividend, voting rights and return on capital. The Shares in issue are listed on the Stock Exchange.

All of the Offer Shares, when allotted and issued, will rank *pari passu* in all respects, including in particular as to dividend, voting rights and return on capital, with all Shares in issue as at the date of allotment and issue of the Offer Shares. All of the Shares and the Offer Shares will be listed on the Stock Exchange. There are no arrangement under which future dividends are waived or agreed to be waived.

No share or loan capital of the Company or any member of the Group has been put under option or agreed conditionally or unconditionally to be put under option and no warrant or conversion right affecting the Shares has been issued or granted or agreed conditionally, or unconditionally to be issued or granted.

No part of the share or loan capital of the Company is listed or dealt in, nor is listing or permission to deal in the share or loan capital of the Company being, or proposed to be, sought on any other stock exchange.

(2) Share options

As at the Latest Practicable Date, there was no outstanding option under the share option scheme of the Company adopted on 23 May 2002.

(3) Convertible securities

As at the Latest Practicable Date, there was no outstanding option, warrants or securities convertible or exchangeable into Shares.

3. DISCLOSURE OF INTERESTS OF THE DIRECTORS

As at the Latest Practicable Date, the interests and short positions of each director and chief executive in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the SFO), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) were recorded in the register maintained by the Company under Section 352 of the SFO; or (c) were required pursuant to the Code for Securities Transactions by Directors adopted by the Company to be notified to the Company and the Stock Exchange, were as follows:

Ordinary shares of HK$0.025 each in the Company as at the Latest Practicable Date:

	Nature of interests	**Number of Shares**	**Total**	**% of issued share capital of the Company**
Mr. Zhou *(Note 1)*	Corporate	42,710,400	42,710,400	26.69%
Mr. Fong *(Note 2)*	Family	10,300,000	10,300,000	6.44%

Notes:

(1) The 42,710,400 Shares are held by Xiyang, a company in which Mr. Zhou and Ms. Huang Song hold 90% and 10% equity interests respectively. In addition, Xiyang has undertaken to subscribe for 21,355,200 Offer Shares pursuant to the Underwriting Agreement and accordingly Xiyang and Mr. Zhou are deemed to be interested in such Offer Shares under the SFO. Mr. Zhou is also deemed to be interested in 58,644,800 Offer Shares underwritten by him pursuant to the Underwriting Agreement and the Deed.

(2) The 10,300,000 Shares are held by Ms. Kam Lai Iong, spouse of Mr. Fong.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executives of the Company had any interests and short positions in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

None of the Directors or their respective associates has or had any direct or indirect interest in any assets acquired or disposed of by or leased to or by or proposed to be acquired or disposed of by or leased to or by any member of the Group since 31 December 2005, being the date to which the latest published audited financial statements of the Company were made up.

None of the Directors or any of their respective associates had any business or interest that directly or indirectly competes or may compete with the business of the Group or had or might have any other conflict of interest.

Save for the Underwriting Agreement and the Deed, none of the Directors is materially interested in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the Group. Save for the Underwriting Agreement and the Deed, the Underwriter has not entered into any material contract in which any Director has a material personal interest.

4. SUBSTANTIAL SHAREHOLDERS

According to the register of interests in long positions and short positions kept by the Company pursuant to Divisions 2 and 3 of Part XV and section 336 of the SFO and so far as the Directors were aware, the following persons had a long position or short position in the Shares, underlying shares or debentures 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 was interested, directly or indirectly, 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 as at the Latest Practicable Date:

Name of Shareholder	Nature of interests	Number of Shares	Percentage
Xiyang *(Note 1)*	Beneficial	42,710,400	26.69%
Mr. Zhou *(Note 1)*	Corporate	42,710,400	26.69%
Kam Lai Iong *(Note 2)*	Beneficial	10,300,000	6.44%

Notes:

(1) The 42,710,400 Shares are held by Xiyang, a company in which Mr. Zhou and Ms. Huang Song hold 90% and 10% equity interests respectively. In addition, Xiyang has undertaken to subscribe for 21,355,200 Offer Shares pursuant to the Underwriting Agreement and accordingly Xiyang and Mr. Zhou are deemed to be interested in such Offer Shares under the SFO. Mr. Zhou is also deemed to be interested in 58,644,800 Offer Shares underwritten by him pursuant to the Underwriting Agreement and the Deed.

(2) Ms. Kam Lai Iong is the spouse of Mr. Fong.

Save as disclosed above, the Directors and chief executive of the Company were not aware of any persons, as at the Latest Practicable Date, who had an interest or short position in the Shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 Part XV of the SFO or, who was, directly or indirectly, interested in 10% or more of the nominal value of the issued share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

5. SERVICE CONTRACTS

None of the Directors has a service contract with the Company or any of its subsidiaries or associated companies which is not terminable within one year without payment of compensation other than statutory compensation.

6. EXPERTS

The following is the qualification of the expert who has been named in this document or have given an opinion, letter or advice which is contained in this document:

Name	**Qualification**
Grant Thornton	Certified Public Accountants

As at the Latest Practicable Date, Grant Thornton had no beneficial interest in the share capital of any member of the Group or had any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group or had any interest, either directly or indirectly, in any assets which have been, since 31 December 2005, being the date to which the latest published audited accounts of the Company 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.

On 29 June 2006, Grant Thornton has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of its letter and/or references to its names, in the form and context in which it respectively appears.

7. LITIGATION

Neither the Company nor any other member of the Group is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is at present known to the Directors to be pending or threatened against any member of the Group as at the Latest Practicable Date.

8. PROCEDURE BY WHICH A POLL MAY BE DEMANDED PURSUANT TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

Pursuant to the articles of association of the Company, at any general meeting, a resolution put to vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

(i) by the chairman of the meeting; or

(ii) by at least five Shareholders present in person or by proxy and entitled to vote;

(iii) any Shareholder or Shareholders present in person or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to attend and vote at the meeting; or

(iv) any Shareholder or Shareholders present in person or by proxy and holding Shares conferring a right to attend and vote at the meeting on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sum paid up on all Shares conferring that right.

Unless a poll is so demanded and the demand is not withdrawn, a declaration by the chairman of the meeting that a resolution has on a show of hands been carried unanimously or by a particular majority, or lost shall be conclusive, and an entry to that effect in the Company's book containing the minutes of proceedings of meetings of the Company shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

9. MATERIAL CONTRACTS

The following contracts, not being contracts in the ordinary course of business, have been entered into by members of the Group after the date falling two years prior to the Announcement and up to the Latest Practicable Date and are or may be material:

(i) the underwriting agreement dated 28 January 2005 as amended by a supplemental underwriting agreement dated 4 February 2005 entered into among the Company, Mr. Lee Wing On, Samuel, Kingston Securities Limited and Orient Securities Limited in relation to an open offer of 80,000,000 Shares on the basis of one offer Share for every one Share held as announced by the Company in an announcement dated 7 February 2005;

(ii) the investment management agreement entered into between the Company and Hua Yu Investment Management Limited ("Hua Yu") on 12 May 2005 for the replacement of Altus Capital Limited by Hua Yu as the Company's investment manager effective from 20 May 2005 as announced by the Company in an announcement dated 24 May 2005; and

(iii) the Underwriting Agreement and the Deed.

Save as disclosed above, there are no other contracts (not being contracts in the ordinary course of business) being entered into by the members of the Group after the date falling two years prior to the Announcement and up to the Latest Practicable Date, which are or may be material.

10. MISCELLANEOUS

The English text of this prospectus shall prevail over the Chinese text in the case of any inconsistency.

11. CORPORATE INFORMATION

Company Secretary and Qualified Accountant
Mr. Chu Kin Wang, Peleus, FCPA, FCCA, ACIS

Authorised Representatives
Mr. Chu Kin Wang, Peleus
Flat 1, 10/F, Tower D
Galaxia, 3 Lung Poon Street
Diamond Hill
Kowloon, Hong Kong

Mr. Phang Yul Cher Yeow
Flat 1004, Hong Tak House
Tsz Hong Estate
Tsz Wan Shan
Kowloon, Hong Kong

Principal Banker
Hang Seng Bank Limited
83 Des Voeux Road Central
Hong Kong

DBS Bank (Hong Kong) Limited
16/F, The Center
99 Queen's Road Central
Hong Kong

Hong Kong Branch Share Registrar
Secretaries Limited
26/F, Tesbury Centre
28 Queen's Road East
Hong Kong

Principal Share Registrar
Butterfield Fund Services (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 705
George Town
Grand Cayman
Cayman Islands

Auditors
Grant Thornton
Certified Public Accountants
13th Floor
Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

Financial Advisers to the Company
South China Capital Limited
28th Floor, Bank of China Tower
1 Garden Road
Central
Hong Kong

Ample Capital Limited
Unit B, 9th Floor
Two Chinachem Plaza
135 Des Voeux Road Central
Hong Kong

Legal Adviser to the Company
Mason Ching & Associates
1803, 18/F
World-Wide House
19 Des Voeux Road
Central
Hong Kong

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for inspection during normal business hours on any weekday (except for public holidays) at the head office and principal place of business of the Company at Unit 2206, 22/F, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong up to and including 14 July 2006, and will also be available on the website of the Company at http://www.apex-cap.com/ until (and including) Wednesday, 19 July 2006;

(1) the memorandum and articles of association of the Company;

(2) the annual reports of the Company for the two years ended 31 December 2005;

(3) the report on unaudited pro forma financial information from Grant Thornton, the text of which are reproduced in Appendix I to this prospectus;

(4) the letter from Grant Thornton stating it has given and has not withdrawn its consent to the issue of this prospectus with the inclusion herein of its letter and/or references to its name;

(5) the material contracts referred to the section headed "Material Contracts" in this appendix;

(6) the Company's circular dated 18 May 2006 containing details regarding, among other things, the Open Offer and the Whitewash Waiver; and

(7) this prospectus.