

**FORTUNA INTERNATIONAL HOLDINGS LTD:
A SHOCKING PAST, BUT A LIKELY WINNER IN THE FUTURE**

Follow The Emperor's Lead

It is irony, no doubt, but considering everything, it appears that Fortuna International Holdings Ltd () (Code: 530, Main Board, The Stock Exchange of Hongkong Ltd) is a good bet, after all, at least on paper, despite the fact that it has one of the most-appalling financial records of many a company, listed on the Main Board of The Stock Exchange of Hongkong Ltd.

Fortuna International, recently, shocked its minority shareholders when it was announced that a determination had been made to cause the company to undergo a Capital Reorganisation and Share Consolidation.

The Share Consolidation amounts to a 10:One reverse share split (as it used to be known) and the Capital Reorganisation is a reduction of the Par Value of the shares, from one cent to one tenth of a cent.

At the same time, the company pitched a Rights Issue via an Open Offer in order to raise about \$HK27.20 million, gross, coming down to about \$HK25 million, net, after all the costs, associated with Management's determination to clean up the mess in the company.

The money, raised in this exercise, is to be used to acquire, inter alia, all of the Issued Share Capital of State Empire Ltd plus the payment of certain loans.

On December 28, 2005, it was announced by Fortuna International that would acquire State Empire for about \$HK101 million.

Cutting through the corporate maze, at the end of the day, State Empire has one major asset: An ageing, 24-storey commercial building, located in the Central Business District of Hongkong Island, named Right Emperor Commercial Building.

Fortuna International, of course, has not the cash to pay for this 24-story commercial building so a mortgage loan has been arranged from banks and financial institutions, plus shareholders' loans.

At this point, it is clear that the hand of the enigmatic eminence gris, Mr Yeung Sau Shing (), is behind Fortuna International and its operations because, among other things, he is in love with the name, 'Emperor', and his Emperor Group of Companies, in addition to his somewhat questionable reputation, built up over the years – when he was not residing in very secure accommodations, provided by the Government of Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), following his being found guilty on various criminal offences.

But one thing nobody can take away from Mr Yeung Sau Shing: He is one of the most astute businessmen in the territory; and, he can measure up against nearly anybody, anywhere in the world.

He/his group of Emperor Group of Companies is shown to be ready to own about 25.13 percent of the Issued Share Capital of Fortuna International, via Emperor Securities Ltd, a wholly owned subsidiary of Emperor International Holdings Ltd () (Code: 163, Main Board, The Stock Exchange of Hongkong Ltd), on the proviso that existing shareholders of Fortuna International do not take up their entitlements.

But that holding will only be Mr Yeung Sau Shing's known beneficial and legal holding.

What is not known, of course, is what other shares in the Issued Share Capital of Fortuna International are/will be controlled by Mr Yeung Sau Shing's corporate entities, shares which may have been pledged to one or more of the corporate entities within his Emperor Empire for one thing or another.

(More about the shareholding structure of Fortuna International, later on in this report)

The Business Of Fortuna International

The business of Fortuna International can be broken down into the following categories:

1. Skin and Health Care Businesses;
2. Trading in Jewellery;
3. Property Investment;
4. Restaurant Operations;
5. Artwork Design; and,
6. Trading in Steel and Other Products.

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