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

If you have sold or transferred all your shares in Unity Investments Holdings Limited (合一投資控股有限公司) (the “**Company**”), you should at once hand this circular together with the enclosed form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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Unity Investments Holdings Limited

合一投資控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 913)

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS –
INVESTMENT MANAGEMENT SERVICES**

**Independent financial adviser to the Independent Board Committee
and the Independent Shareholders**

VINCO 

Grand Vinco Capital Limited

(A wholly-owned subsidiary of Vinco Financial Group Limited)

A notice convening an extraordinary general meeting (the “**EGM**”) of Unity Investments Holdings Limited (合一投資控股有限公司) to be held at 30th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong on Thursday, 2 February 2012 at 9:00 a.m. is set out on pages 61 to 62 of this circular. Whether or not you are able to attend the EGM, you should complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company’s share registrar and transfer office in Hong Kong, **Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong** as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof, should you so wish.

11 January 2012

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	4
LETTER FROM INDEPENDENT BOARD COMMITTEE	11
LETTER FROM VINCO CAPITAL	12
APPENDIX I – ADDITIONAL INFORMATION	27
APPENDIX II – GENERAL INFORMATION	57
NOTICE OF EXTRAORDINARY GENERAL MEETING	61

DEFINITIONS

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

“associates”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Company”	Unity Investments Holdings Limited (合一投資控股有限公司), a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“CUIM”	CU Investment Management Limited
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company held on Thursday, 2 February 2012 at 9:00 a.m., at 30th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong for the purpose of approving the IM Master Transactions Agreement and the transactions contemplated thereunder including the Investment Management Cap
“Financial Services”	the provision of securities brokerage and corporate financial advisory services by HCG Group to the Group under the Master Transactions Agreement
“Financial Services Cap”	the annual cap for Financial Services subject to the Master Transactions Agreement referred to in the circular of the Company dated 12 December 2011
“Group”	the Company and its subsidiaries
“HCG”	Hennabun Capital Group Limited
“HCG Group”	HCG and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“IM Master Transactions Agreement”	the agreement dated 6 January 2012 between the Company (for itself and on behalf of its subsidiaries) and HCG (for itself and on behalf of its subsidiaries) in relation to the Investment Management Services

DEFINITIONS

“Independent Board Committee”	an independent committee of the Board which comprises Mr. Chung Kong Fei, Stephen, Mr. Tsang Wing Ki and Mr. Ngai Wai Kin
“Independent Shareholders”	shareholders of the Company other than those materially interested in the IM Master Transactions Agreement and the transactions contemplated thereunder (including the Investment Management Cap)
“Investment Management Agreement”	the investment management agreement dated 5 November 2003 entered into between the Company and CUIM and renewed annually since then with fee revisions on various occasions
“Investment Management Cap”	the proposed annual cap for Investment Management Services subject to the IM Master Transactions Agreement referred to under the heading “Investment Management Cap” in the Letter from the Board of this circular
“Investment Management Services”	the provision of investment management services by HCG Group to the Group under the IM Master Transactions Agreement
“Latest Practicable Date”	5 January 2012, being the latest practicable date prior to the printing of this circular for ascertaining certain information herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Transactions Agreement”	the agreement between the Company (for itself and on behalf of its subsidiaries) and HCG (for itself and on behalf of its subsidiaries) in relation to, inter alia, the Financial Services and the Margin Financing Facilities referred to in the circular of the Company dated 12 December 2011
“Margin Financing Facilities”	the provision of margin trading and financing facilities by HCG Group to the Group under the Master Transactions Agreement
“Margin Financing Facilities Cap”	the annual cap for Margin Financing Facilities subject to the Master Transactions Agreement referred to in the circular of the Company dated 12 December 2011
“SFO”	the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong)
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary Agreement(s)”	any agreement setting out the details terms and conditions entered or to be entered pursuant to terms of IM Master Transactions Agreement from time to time

DEFINITIONS

“Vinco Capital”	Grand Vinco Capital Limited, a wholly-owned subsidiary of Vinco Financial Group Limited, a corporation licensed to carry business in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in connection with the IM Master Transactions Agreement and the transactions contemplated thereunder (including the Investment Management Cap)
“%” or “per cent.”	percentage or per centum

LETTER FROM THE BOARD



Unity Investments Holdings Limited

合一投資控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 913)

Executive Directors:

Mr. KITCHELL Osman Bin
(Chairman and Chief Executive Officer)
Mr. CHAN Yin, David *(Vice Chairman)*
Ms. DAVIS Angela Hendricks
Ms. CHOI Ka Wing

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Independent non-executive Directors:

Mr. CHUNG Kong Fei, Stephen
Mr. TSANG Wing Ki
Mr. NGAI Wai Kin

Principal place of business

in Hong Kong:
Room 2206, 22nd Floor
China United Centre
28 Marble Road
North Point
Hong Kong

11 January 2012

To the Shareholders

Dear Sir/Madam,

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS – INVESTMENT MANAGEMENT SERVICES

INTRODUCTION

Reference is made to the announcement of the Company dated 17 October 2011, pursuant to which the Company entered into the master transactions agreement dated 17 October 2011 with HCG in relation to the Financial Services and the Margin Financing Facilities. Reference is also made to the announcement and circular of the Company dated 9 December 2011 and 12 December 2011 respectively, pursuant to which the Company entered into the supplemental agreement with HCG on 9 December 2011 to revise the annual caps under the Master Transactions Agreement so that (i) the annual cap amount for investment management services by CUIIM was separated from the Financial Services Cap; and (ii) the margin financing interests was included in the Margin Financing Facilities Cap only. These transactions were approved by the Shareholders at an extraordinary general meeting of the Company on 29 December 2011. It was the intention of the Company that the Investment Management Services were to fall within the scope of the Master Transactions Agreement. As more information is required to be submitted in connection with the Investment Management Services, the Investment Management Services had to be approved at a general meeting convened later. Accordingly, on 6 January 2012, the Company entered into the IM Master Transactions Agreement with HCG in relation to the Investment Management Services. The framework of the IM Master Transactions Agreement is the same as the Master Transactions Agreement. The Company has also entered into a renewal agreement with CUIIM on 9 December 2011 in respect of the Investment Management Agreement to renew the appointment of CUIIM for a further term of one year on the same terms of the Investment Management Agreement which provides termination rights by either party upon giving one month's notice immediately to the other.

LETTER FROM THE BOARD

The IM Master Transactions Agreement and the transactions contemplated thereunder (including the Investment Management Cap) constitute continuing connected transactions subject to the reporting, announcement and Independent Shareholders approval requirements as set out in Rule 14A.52 of the Listing Rules. The Investment Management Cap will be put forward (as a separate resolution) for approval at the EGM.

The Independent Board Committee has been formed to advise the Independent Shareholders as to whether the terms of the IM Master Transactions Agreement and transactions contemplated thereunder (including the Investment Management Cap) are fair and reasonable so far as the Shareholders are concerned and Vinco Capital has been appointed by the Company as an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The purpose of this circular is to provide you, among others, (i) further details about the IM Master Transactions Agreement and the Investment Management Services (including the Investment Management Cap) as required under the Listing Rules; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders; (iii) the advice of Vinco Capital to the Independent Board Committee and the Independent Shareholders in relation to the IM Master Transactions Agreement and the Investment Management Services (including the Investment Management Cap); and (iv) a notice of the EGM at which ordinary resolutions will be proposed to consider and, if thought fit, to approve the IM Master Transactions Agreement and the Investment Management Services (including the Investment Management Cap).

IM MASTER TRANSACTIONS AGREEMENT

Date of agreement: 6 January 2012

Parties: (1) the Company (for itself and on behalf of its subsidiaries)

(2) HCG (for itself and on behalf of its subsidiaries)

Transactions: Under the IM Master Transactions Agreement, HCG Group agreed to provide investment management services to the Group.

Terms of the Investment Management Services

The investment management services mentioned above refer to the services offered under the investment management agreement dated 5 November 2003 entered into between the Company and CUIM, renewed on an annual basis since then. The current monthly investment management fee is HK\$100,000 which fee was mutually agreed after arms-length negotiations between the Company and CUIM. As explained in Appendix I in the section headed “Role of CUIM”, CUIM provides investment advice to the Company and the Company is responsible for making investment decisions and executing the decisions. It is the Company who manages its investment portfolio, not CUIM. Accordingly, the Company takes the view that it is not appropriate to include a performance fee element in the fees charged by CUIM. In

LETTER FROM THE BOARD

addition, the current management fee is charged at an agreed fixed rate, which provides the Company with greater certainty over its budget during the term of services. Other factors considered by the Company in determining the investment management services fee include the amount of the investment management fees charged by CUIM on its other clients who are investment companies under Chapter 21 of the Listing Rules, CUIM's knowledge and understanding of the investment policy of the Company and the market rate for management fees. The Company has not obtained or compared fee quotes from other investment managers. However, in view of the long established relationship with CUIM, the in depth understanding of CUIM on the Group's investment policies and preferences, together with the time and costs involved in looking for an alternative candidate and time required to familiarise and build up a relationship with such a new candidate, the Directors believe that it is fair and reasonable in the interests of the Company to continue the long standing relationship with CUIM and to pay a fixed management fee to CUIM.

Basis: The Investment Management Services shall be conducted on normal commercial terms.

The parties further acknowledge that the relevant members of the Group have entered or may enter into Subsidiary Agreements with HCG Group with respect to the Investment Management Services. Each Subsidiary Agreement to be entered into after the date of the IM Master Transactions Agreement shall not be in breach of the IM Master Transactions Agreement and the relevant requirements under the Listing Rules.

The Company may enter into Subsidiary Agreements with HCG Group with respect to the Investment Management Services on a yearly basis, subject to negotiation between the parties, to review the amount of investment management fees payable by the Company (which shall not exceed the Investment Management Cap stated in the table below).

Investment Management Cap: The parties agree that the Investment Management Services will be subject to the following annual cap:

The aggregate amounts payable by the Group to HCG Group for the Investment Management Services (in respect of which Independent Shareholders' approval is proposed to be sought at the EGM) for each of the three years ending 31 December 2014 shall not exceed the following:

	For the year ending 31 December 2012 HK\$'000	For the year ending 31 December 2013 HK\$'000	For the year ending 31 December 2014 HK\$'000
Investment Management Services ("Investment Management Cap")	1,200	1,320	1,452

LETTER FROM THE BOARD

- Condition precedent: The IM Master Transactions Agreement is conditional on the approval of the IM Master Transactions Agreement and the transactions contemplated thereunder by Independent Shareholders in accordance with the Listing Rules. If the condition is not satisfied on or before 29 February 2012 (or such later date as may be agreed between the parties), the IM Master Transactions Agreement will automatically terminate and neither party nor its subsidiaries shall have any claim against the other or its subsidiaries save in respect of any antecedent breaches.
- Term: The IM Master Transactions Agreement shall continue until 31 December 2014, subject to satisfaction of the condition above, which is the same time as the expiry of the Master Transactions Agreement. Upon the expiry of the IM Master Transactions Agreement and the Master Transactions Agreement, the Company may renew the Master Transactions Agreement and the IM Master Transactions Agreement, and if so, it proposes to renew the Master Transactions Agreement with the Investment Management Services forming part of the transactions contemplated under the Master Transactions Agreement, subject to compliance with the Listing Rules and all applicable law.

DETERMINATION OF THE INVESTMENT MANAGEMENT CAP

For each of the two financial years ended 31 December 2010 and the nine months ended 30 September 2011, the total amounts payable by the Group to HCG Group for the Investment Management Services were:

	For the year ended 31 December 2009 HK\$'000	For the year ended 31 December 2010 HK\$'000	For the nine months ended 30 September 2011 HK\$'000
Investment management fee	720	720	660

With respect to the amounts payable for the Investment Management Services set out in the table above, the figures represent the investment management fee paid by the Company to CUIM under the Investment Management Agreement during the relevant periods.

The Directors have determined the Investment Management Cap with reference to the current annual investment management fee payable by the Company under the Investment Management Agreement plus buffer to allow for increment. In seeking the increased Investment Management Cap, it does not mean that the Company will necessarily approve an increase in investment management fees each year up to the amount set out in the cap. A buffer is allowed so that the Company can have flexibility to determine an increased fee within the Investment Management Cap during the next 3 years.

LETTER FROM THE BOARD

The investment management fees payable to CUIM by the Company was HK\$70,000 per month for the financial years ended 31 December in 2007 and 2008. Given the financial turmoil and economic downturn in 2008, the Company and CUIM agreed to reduce the investment management fees to HK\$60,000 per month for the financial year ended 31 December 2009 and up to 30 June 2011. Given the long established relationship with CUIM, the change in market condition as compared to 2008, and taking into account the reduction in investment management fees accepted by CUIM between 1 January 2009 to 30 June 2011, after arms' length negotiations between the Company and CUIM, the investment management fees was revised to HK\$100,000 for the period from 1 July 2011 to 31 December 2012.

REASONS FOR AND BENEFITS OF THE IM MASTER TRANSACTIONS AGREEMENT

The Company is an investment company listed under Chapter 21 of the Listing Rules. The principal business of the Group is to invest in both listed and unlisted companies.

HCG Group is engaged in the provision of financial services including securities brokerage, commodity trading, fund management, money lending, margin financing, investment management and corporate finance advisory as well as proprietary trading and direct investment. In addition to CUIM, other members of the HCG Group has since around 2004 carried out the transactions with the Group.

The Investment Management Services are entered into by the Group in its ordinary and usual course of its business. Given that the Investment Management Services are on normal commercial terms and the long standing relationship between the Group and HCG Group, the Directors are of the view that it is in the interest of the Group to continue to enter into the Investment Management Services with HCG Group. The IM Master Transactions Agreement will enable the Group to continue its relationship with HCG Group in ordinary and usual course of business of the Group in compliance with the requirements of the Listing Rules, with a view to contributing to the revenue and results of the Group, and is therefore in the interest of and are beneficial to the Group.

CONNECTED PERSONS

HCG is the holding company of CUIM. CUIM is the investment manager of the Company and thus a connected person of the Company under Rule 21.13 of the Listing Rules. Accordingly, HCG Group is a connected person of the Company under Rule 21.13 of the Listing Rules. Therefore, transactions between HCG Group and the Group constitute connected transactions for the Company. To comply with Rule 14A.35 of the Listing Rules, the Company and HCG entered into the IM Master Transactions Agreement.

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, as at the Latest Practicable Date, (i) the Group held approximately 0.26% of the issued share capital of HCG; (ii) none of Directors had any shares in HCG Group; and (iii) save for 1 Share held by a subsidiary of HCG, HCG and its associates did not hold any shares in the Company. HCG Group is separately managed and independent of the Company. There are no common directors between the Company and HCG Group, save and except that Mr. CHAN Yin, David an executive Director is also a director of Seekers Advisors Pte. Ltd, a subsidiary of HCG. To the extent that HCG and its associates hold Shares at the date of the EGM beneficially for their own account (other than those held for the account of clients) are required to abstain from voting the resolutions proposed at the EGM to approve the IM Master Transactions Agreement and the Investment Management Cap.

LETTER FROM THE BOARD

In the past twelve months, the Company has not made any joint unlisted investment with the HCG Group. However, the Company and the HCG Group could have separately and independently made investments in the same listed securities.

None of the Directors has a material interest in the IM Master Transactions Agreement and none of them has abstained from voting on the relevant board resolutions.

GENERAL

The IM Master Transactions Agreement and the Investment Management Services constitute continuing connected transactions subject to the reporting, announcement and Independent Shareholders approval requirements under Rule 14A.52 of the Listing Rules.

The Investment Management Cap will be put forward as separate resolution for approval at the EGM. Shareholders should note that, for the avoidance of doubt, as the Investment Management Cap form part of the transactions contemplated under the IM Master Transactions Agreement, if resolution numbered 1 set out in the notice of EGM accompanying this circular (i.e. resolution to approve the IM Master Transactions Agreement) is not passed at the EGM, resolution numbered 2 (i.e. the separate resolution to approve the Investment Management Cap) will not be proposed for voting.

EGM

A notice convening the EGM is set out on pages 61 to 62 of this circular. Pursuant to Rule 13.39(4) of the Listing Rules and article 100 of the articles of association of the Company, all votes of the Shareholders at the EGM will be taken by poll and the Company will announce the results of the poll in the manner set out in the Rule 13.39(5) of the Listing Rules.

A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM in person, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon as soon as possible but in any event no later than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjournment thereof in person if you so wish.

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on page 11 of this circular which contains the recommendation of the Independent Board Committee to the Independent Shareholders and the letter from Vinco Capital set out on pages 12 to 26 of this circular containing its advice to the Independent Board Committee and the Independent Shareholders in this regard.

The Directors (including the independent non-executive Directors) are of the view that the terms of the IM Master Transactions Agreement and transactions contemplated thereunder (including the Investment Management Cap) are fair and reasonable and in the interests of the Company and Shareholders as a whole and so recommend Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the IM Master Transactions Agreement and the transactions contemplated thereunder (including the Investment Management Cap).

LETTER FROM THE BOARD

FURTHER INFORMATION

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

Yours faithfully,
For and on behalf of the Board
Unity Investments Holdings Limited
合一投資控股有限公司
KITCHELL Osman Bin
Executive Director

LETTER FROM INDEPENDENT BOARD COMMITTEE



Unity Investments Holdings Limited

合一投資控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 913)

Room 2206, 22nd Floor
China United Centre
28 Marble Road
North Point
Hong Kong

11 January 2012

To the Independent Shareholders

Dear Sir or Madam,

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS – INVESTMENT MANAGEMENT SERVICES

We refer to the circular dated 11 January 2012 issued by the Company (the “**Circular**”), of which this letter forms a part.

Unless otherwise stated, terms defined in the Circular bear the same meanings when used herein.

We have been appointed as the members of the Independent Board Committee to consider the terms of the IM Master Transactions Agreement and the transactions contemplated thereunder (including the Investment Management Cap) and to advise the Independent Shareholders as to whether the terms of the IM Master Transactions Agreement and the transactions contemplated thereunder (including the Investment Management Cap) are fair and reasonable insofar as the Independent Shareholders are concerned.

Vinco Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the terms of the IM Master Transactions Agreement and the transactions contemplated thereunder (including the Investment Management Cap).

We wish to draw your attention to the Letter from the Board (which is set out on pages 4 to 10 of the Circular) and the letter of advice from Vinco Capital (which is set out on pages 12 to 26 of the Circular).

Having taken into account the advice from Vinco Capital, we consider that the terms of the IM Master Transactions Agreement and the transactions contemplated thereunder (including the Investment Management Cap) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Yours faithfully,

The Independent Board Committee

Mr. Chung Kong Fei, Stephen
Independent
non-executive Director

Mr. Tsang Wing Ki
Independent
non-executive Director

Mr. Ngai Wai Kin
Independent
non-executive Director

LETTER FROM VINCO CAPITAL

The following is the text of a letter of advice from Vinco Capital to the Independent Board Committee and the Independent Shareholders in connection with the continuing connected transactions under the IM Master Transactions Agreement and the transactions contemplated thereunder (including the Investment Management Cap), which has been prepared for the purpose of incorporation in this circular:

VINCO  **城高**
Grand Vinco Capital Limited
Units 4909-4910, 49/F., The Center
99 Queen's Road Central, Hong Kong

11 January 2012

*To the Independent Board Committee and the Independent Shareholders of
Unity Investments Holdings Limited*

Dear Sirs,

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS – INVESTMENT MANAGEMENT SERVICES

A. INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the IM Master Transactions Agreement and the transactions contemplated thereunder (including the Investment Management Cap), details of which are set out in the Letter from the Board contained in the circular of the Company dated 11 January 2012 (“Circular”) to the Shareholders, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings ascribed to them in the Circular unless the context otherwise requires.

On 17 October 2011, the Company and HCG entered into the Master Transactions Agreement in respect of the Financial Services and Margin Financing Facilities. On 9 December 2011, the Company entered into the supplemental agreement to revise the annual caps under the Master Transactions Agreement so that the Investment Management Services Cap was separated from the Financial Services Cap and the margin financing interests was included in the Margin Financing Facilities Cap only. As the Investment Management Services, which fall within the scope of the Master Transactions Agreement, are required to disclose additional information, the Company proposed to convene a general meeting separately to seek for the Shareholders’ approval. Accordingly, the Company has entered into the IM Master Transactions Agreement with HCG in relation to the Investment Management Services on 6 January 2012. As stated in the Letter from the Board, CUIM, a subsidiary of HCG, is the investment manager of the Company. HCG Group is therefore a connected person of the Company under Rule 21.13 of the Listing Rules. Under Chapter 14A of the Listing Rules, the Investment Management Services contemplated under the IM Master Transactions Agreement (including the Investment Management Cap) constitute continuing connected transactions subject to the reporting, announcement and the Independent Shareholders approval requirements under Rule 14A.52 of the Listing Rules. As set out in the Letter from

LETTER FROM VINCO CAPITAL

the Board, as at the Latest Practicable Date, the Company did not have any Directors and/or Shareholders who are materially interested in the continuing connected transactions under the IM Master Transactions Agreement and the transactions contemplated thereunder (including the Investment Management Cap). Accordingly, save for HCG Group to the extent they hold Shares at the date of the EGM beneficially for their own account (other than those held for the account of clients), none of the Directors and/or Shareholders and their respective associates are required to abstain from voting in favour of the resolutions proposed at the EGM.

The Independent Board Committee comprising Mr. Chung Kong Fei, Stephen, Mr. Tsang Wing Ki, and Mr. Ngai Wai Kin, being the independent non-executive Directors, has been formed to advise the Independent Shareholders on the terms of the IM Master Transactions Agreement and the transactions contemplated thereunder (including the Investment Management Cap). We have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the IM Master Transactions Agreement and the transactions contemplated thereunder (including the Investment Management Cap). In our capacity as the independent financial adviser to the Independent Board Committee and the Independent Shareholders for the purposes of the Listing Rules, our role is to give you an independent opinion as to whether the terms of the IM Master Transactions Agreement and the transactions contemplated thereunder (including the Investment Management Cap) are on normal commercial terms, in the ordinary course of business, fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

B. BASIS OF OUR OPINION AND RECOMMENDATION

In forming our opinion and recommendation, we have relied on the information, facts and representations contained or referred to in the Circular and the information, facts and representations provided by, and the opinions expressed by the Directors, management of the Company and its subsidiaries. We have assumed that all information, facts, opinions and representations made or referred to in the Circular were true, accurate and complete at the time they were made and continued to be true, accurate and complete as at the date of the Circular and that all expectations and intentions of the Directors, management of the Company and its subsidiaries, will be met or carried out as the case may be. We have no reason to doubt the truth, accuracy and completeness of the information, facts, opinions and representations provided to us by the Directors, management of the Company and its subsidiaries. The Directors have confirmed to us that no material facts have been omitted from the information supplied and opinions expressed. We have no reason to doubt that any relevant material facts have been withheld or omitted from the information provided and referred to in the Circular or the reasonableness of the opinions and representations provided to us by the Directors, management of the Company and its subsidiaries.

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

We have relied on such information and opinions and have not, however, conducted any independent verification of the information provided, nor have we carried out any independent investigation into the business, financial conditions and affairs of the Group or its future prospect.

LETTER FROM VINCO CAPITAL

Based on the foregoing, we confirm that we have taken all reasonable steps to arrive at our opinion and recommendation, which are applicable to the terms of the IM Master Transactions Agreement and the transactions contemplated thereunder (including the Investment Management Cap), as referred to in Rule 13.80 of the Listing Rules (including the notes thereto).

This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the IM Master Transactions Agreement and the transactions contemplated thereunder (including the Investment Management Cap) and, except for its inclusion in the Circular and for the purpose of the EGM, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

C. PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the terms of the IM Master Transactions Agreement and the transactions contemplated thereunder (including the Investment Management Cap), we have considered the following principal factors and reasons:

1. Background and reasons for entering into the IM Master Transactions Agreement

The Company is an investment company listed under Chapter 21 of the Listing Rules and the Group is principally engaged in the business of investing in both listed and unlisted companies.

HCG Group is engaged in the provision of financial services including securities brokerage, commodity trading, fund management, money lending, margin financing, investment management and corporate finance advisory as well as proprietary trading and direct investment. Since around 2004, the Group has been transacting with CUIM and other subsidiaries of HCG. In order to ensure continuity in the provision of investment management services by HCG Group to the Group, the Company has entered into the IM Master Transactions Agreement on 6 January 2012 with HCG for three years ending 31 December 2014 to continue to carry out the Investment Management Services.

The Investment Management Services, to be provided by CUIM, refer to the services offered under the Investment Management Agreement. Since July 2011, the monthly investment management fee charged by CUIM is HK\$100,000. As consulted with the Directors, we noted that this investment management fee was mutually agreed after arm's length negotiations between the Company and CUIM. Regarding the increase in investment management fee, the Company has not compared the fee quotes from other investment managers but the fee charged by CUIM on its other clients who are Chapter 21 investment companies. In order to assess the fairness and reasonableness of the Company's investment management fee charged by CUIM, we have reviewed the monthly investment management fee of other Chapter 21 investment companies listed in the Stock Exchange charged by CUIM and other investment managers with roles and responsibilities of providing investment advisory services to their corresponding clients, which are considered to be exhaustive (one investment company was excluded as its Shares has been suspended from trading since 2008) and are receiving similar payment method to the Company (i.e. fixed investment

LETTER FROM VINCO CAPITAL

management fee without any performance target from its clients). Although each of the 8 shortlisted Chapter 21 investment companies and their corresponding investment managers may have their unique characteristics in terms of the backgrounds, experience or any other specific terms in their investment management agreements, we are of the view that the following analysis can still provide a general picture on the fixed fees charged by investment managers in the market. In order to take into account of the variance in the total net asset value (“NAV”), which is considered to be an important determinant of the amount of the investment management fee, of those Chapter 21 investment companies paying a fixed investment management fee, we have performed our analysis based on a percentage of the monthly fixed investment management fee as to the total NAV of the Chapter 21 investment companies as at 30 November 2011, which is the latest available total NAV prior to the entering of the IM Master Transaction Agreement. The results of our analysis are as follow:

Company name	Stock code	Name of investment manager	NAV HK\$ (approximately)	Monthly investment management fee HK\$ (approximately)	Percentage of monthly investment management fee as to total NAV % (approximately)
Earnest Investments Holdings Limited	339	Success Talent Investments Limited	49,256,100	30,000	0.061%
China Investment Fund Company Limited	612	Baron Asset Management Limited	221,884,800	150,000	0.068%
Radford Capital Investment Limited	901	CUIM	142,536,946	100,000	0.070%
Mastermind Capital Limited	905	OP Investment Management Limited	91,641,600	41,667	0.045%
New Capital International Investment Limited	1062	KBR Management Limited	272,662,984	33,333	0.012%
Grand Investment International Limited	1160	Grand Investment (Securities) Limited	53,568,000	24,000	0.045%
National Investments Fund Limited	1227	CUIM	191,636,749	89,583 (Note)	0.047%
China Financial Leasing Group Limited	2312	Wealth Assets Management Limited	36,367,644	55,000	0.151%
			Average	65,448	0.062%
			Maximum	150,000	0.151%
			Minimum	24,000	0.012%
The Company	913		232,842,243	100,000	0.043%

Source: The Stock Exchange

Note: As set out in the announcement of National Investments Fund Limited dated 17 May 2011, the monthly investment management fee payable to CUIM was HK\$50,000 for the five months period, with effective from 16 May 2011 and revised to HK\$100,000 per month thereafter till 15 May 2013, details of which may refer to such announcement. Therefore, the effective monthly investment management fee would be approximately HK\$89,583.

LETTER FROM VINCO CAPITAL

As shown from the table above, the monthly fixed investment management fees paid by these Chapter 21 investment companies ranged from HK\$24,000 to HK\$150,000 per month, with an average of HK\$65,448. The percentage of the monthly fixed investment management fee as to the total NAV of the Chapter 21 investment companies ranged from 0.012% to 0.151%. The HK\$100,000 investment management fee charged by CUIM represents approximately 0.043% of the Company's total NAV as at 30 November 2011, which lies within the range of those Chapter 21 investment companies paying fixed investment management fee in the market and we considered the fee charged by CUIM is justifiable. The investment management fee payable under the Investment Management Agreement is included in the Investment Management Cap and such fee was mutually agreed after arm's length negotiations between the Company and CUIM. As mentioned, the investment management fee payable is charged at an agreed fixed rate, which provides the Company with greater certainty over its budget during the term of services. The fixed fee was determined with reference to (i) the amount of the investment management fees charged by CUIM on its other clients who are Chapter 21 investment companies; (ii) the role and responsibility of CUIM is to provide investment advice to the Company but not to make investment decisions and execute such decisions for and on behalf of the Company; and (iii) the long-term business relationships with CUIM has already established in-depth knowledge and full understanding of the investment policy of the Board, the Company would not require any additional time and costs to look for an alternative candidate and time required to familiarise and build up a relationship with such new candidate, we are of the view that the fixed investment management fee charged by CUIM is acceptable.

As noted from the Letter from the Board, we noted that CUIM acts as the investment manager of the Company and other two Chapter 21 investment companies. CUIM is responsible for making investment proposals and renders investment advice to the executive Directors in accordance with the Investment Management Agreement, the articles of association of the Company and the investment policies of the Company. However, the executive Directors has sole discretion to resolve and decide on whether to execute the investment proposed by CUIM, while CUIM will not execute any investment decision on behalf of any of its clients, including the Company. Pursuant to the Investment Management Agreement, CUIM has set out methods of avoiding and solving conflict of interest issue. If conflicts in relation to allocation of resources and attention and/or the allocation of investment opportunities arise between the Company and other clients of CUIM, the opportunities will be allocated on the basis of (i) the nature and size of investment; (ii) the investment restrictions of the Company and such other clients of CUIM; and (iii) the risk portfolio and required rate of return on the investment. While, as per the discussion with the Directors, we understood that, regarding the investments in unlisted securities, CUIM will offer potential investment opportunities in unlisted investments to all their clients at the same time and will also disclose to each clients of CUIM the potential conflict of interest in the same investment opportunity. According to the investment guidelines and policies of the Company, the investment will normally be made in the form of equity related securities and debt instruments in listed and unlisted companies engaged in different industries, but with a certain degree of synergy with other investee companies and where cooperation between such companies would be of mutual benefit to each other, to maintain a balance in the Company's exposure to different industry sectors in order to minimise the impact on the Company of any downturn in any particular sector. Also, the Company will seek to identify businesses with a potential of profit growth, strong management, high level of technical expertise and research and development capabilities as well as management

LETTER FROM VINCO CAPITAL

commitment to the long-term growth. CUIM would identify any investment opportunities in the market that fit the Company's investment objective and then present to the executive Directors for consideration. After studying and discussing the recommendations from CUIM, the executive Directors will review the reports and decided on whether to execute the investment advised by CUIM. Having considered the above investment guidelines and policies of the Company and the fact that all the investment and divestment are approved and executed by the executive Directors, we are of the view that the Investment Management Agreement is fair and reasonable and is in the interest of the Company and the Independent Shareholders as a whole.

On the other hand, we have noted from the Letter from the Board and have made enquiries with the management of the Company regarding the qualification and investment management experience of CUIM's directors in which we concur with the Directors that they have demonstrated compliance with Rule 21.04(1):

Dr. Wong Foelan ("Dr. Wong") has more than 10 years of professional experiences in the financial services industry. Dr. Wong has worked for regional financial institutions. Dr. Wong has been engaged in proprietary trading in equity, futures and options, fund management, research analyst, equity capital market and private equity investment. Dr. Wong possesses over 10 years of experience in professional management of investments on behalf of third party investors and/or in providing investment advisory services to professional/institutional investors.

In 1996 to 1997, Dr. Wong was a dealer in a securities firm listed in Hong Kong serving several in-house private funds with size around HK\$1,000 million, the investment objective of which was for medium and long term investment appreciation and their performance were correlated with Hang Seng Index. During this period, he focused on trading for in-house and institutional client funds.

In 1998 to 1999, Dr. Wong worked in a PRC Securities firm serving an in-house fund of a size of around HK\$50 million with a focus on Hong Kong indexes arbitrary tradings, the investment objective of which was for short to medium term investment appreciation and its performance was correlated with Hang Seng Index. During this period, he conducted proprietary trading for in-house and institutional client funds and wrote investment reports.

In 1999 to 2000, Dr. Wong worked in a securities firm in Hong Kong serving an in-house fund in the size of around HK\$50 million, the investment objective of which was for short to medium term investment appreciation and its performance was correlated with Hang Seng Index. During this period, he focused on proprietary trading for in-house and institutional client funds and wrote investment reports.

In 2000 to 2001, Dr. Wong worked at a securities firm in Hong Kong serving an in-house fund of a size of HK\$10 million, the investment objective of which was for long term investment appreciation and its performance was correlated with Hang Seng Index. During this period, he focused on proprietary trading for in-house and institutional client funds and wrote investment reports.

LETTER FROM VINCO CAPITAL

In 2003, Dr. Wong worked in a Taiwanese Company serving a private fund in the size of HK\$10 million with a focus on Hong Kong indexes arbitrary tradings, the investment objective of which was for short to medium term capital appreciation and its performance was correlated with Hang Seng Index. During this period, he focused on proprietary trading for the private fund.

In 2004 to 2007, Dr. Wong worked as a manager serving a Tokyo public trust of a size of around HK\$550 million with a focus on investment in Hong Kong listed PRC firms, the investment objective of which was for long term investment appreciation and its performance was correlated with Hang Seng Index. During this period, his duty was to provide strategic investment advisory reports and to follow up the fund's investment activities.

In 2007 to 2008, Dr. Wong worked for CUIIM and provided investment advisory reports to two Chapter 21 investment companies, Radford Capital Investment Limited and the Company, of a fund size of around HK\$100 million to HK\$200 million. The investment objectives were for capital growth.

In 2008 to 2009, Dr. Wong worked for a China capital based private fund with a size of around HK\$100 million, the investment objective of which was for short to long term capital appreciation. Its performance was correlated with Hang Seng Index. During this period, he was responsible for setting up and to supervise the fund's investment activities.

In 2009, Dr. Wong worked for an Indian capital based fund with a size of around HK\$70 million, with the investment objective for short to medium term capital appreciation. Its performance was correlated with Hang Seng Index. During this period, he was responsible for setting up and to supervise the fund's investment activities.

Since 2010, Dr. Wong worked for CUIIM and provided investment advisory reports to Radford Capital Investment Limited, National Investments Fund Limited (up to July 2011) and the Company (up to July 2011), of a fund size of around HK\$100 million to HK\$200 million. The investment objectives were for capital growth. All of the funds mentioned above were private funds (except for the Chapter 21 investment companies and the Tokyo public trust fund). Dr. Wong does not have any information on the performance of the private funds and Tokyo public trust.

Dr. Wong is licensed to conduct dealing in securities, dealing in futures contracts, advising on securities and asset management regulated activities by the Securities and Futures Commission of Hong Kong. Dr. Wong graduated in Australia and received a Master of Management Information Systems degree in 2003 and got a Business Administration in doctorate degree in the United States (U.S.) in 2010. Dr. Wong is the director of HCG. Dr. Wong was appointed as the managing director of CUIIM on 4 March 2010. Dr. Wong was not involved in any breaches of laws, rules and regulations in the securities industry which has bearing on his integrity and competence.

Given the extensive fund management experience possessed by Dr. Wong on providing investment management services to several in-house or institutional client funds, we are of the view that Dr. Wong has satisfactory experience in the professional management of investments on behalf of third party investors.

LETTER FROM VINCO CAPITAL

Mr. Pak William Eui Won (“Mr. Pak”) holds a Master of Laws degree in U.S. taxation from the University of Washington School of Law since 2005, a Juris Doctor’s degree from the University of British Columbia Faculty of Law since 2004 and an Economics and Commerce degree from the University of British Columbia Faculty of Arts since 2001. Mr. Pak is an attorney licensed by the New York State Bar and is a member of the New York State Bar Association and the American Bar Association since 2007. He was a lawyer in the investment funds practice at White & Case’s New York and Hong Kong offices. He has substantive experience in the establishment and representation of numerous U.S. and international private investment funds including private equity funds, hedge funds, real estate funds, distressed funds and hybrid funds for over four years, ranging in sizes from US\$50 million to US\$3 billion. Investors in such funds have included U.S. tax exempt and ERISA investors, U.S. taxable investors and various other non-U.S. investors. Mr. Pak has acted for fund sponsors, fund managers, placement agents and investors from the United States, Europe, the Middle East and Asia. Prior to joining White & Case, Mr. Pak worked in the mergers & acquisitions department in the San Francisco office of Ernst & Young where he provided transactional tax advisory services for mergers and acquisitions, reorganisations, and spin-offs involving private equity funds, U.S. corporations, partnerships, LLCs and foreign entities. Mr. Pak has also gained experience in handling transactions involving mergers and acquisitions, reorganisations, spin-offs and other corporation transactions activities on behalf of US private equity funds. Mr. Pak is currently the independent non-executive director of Forefront Group Limited (stock code: 885), which is a company listed on the Main Board of the Stock Exchange. Mr. Pak was appointed as the director of CUIM on 10 May 2010. Mr. Pak does not have any experience in the professional management of investments on behalf of third party investors. Mr. Pak was not involved in any breaches of laws, rules and regulations in the securities industry which has bearing on his integrity and competence. Although Mr. Pak does not have any experience in the professional management of investments on behalf of third party investors, his experience in dealing with legally-related matters equipped him to be capable to assist CUIM in relation to any legal advisory.

Mr. Au Yeung Kam Kay (“Mr. Au Yeung”) has devoted himself in the financial service sector since 1981. Mr. Au Yeung was engaged in numerous insurance (reinsurance, general insurance and insurance broking) companies from 1981 to 1989. Mr. Au Yeung has been engaged in numerous investment companies (securities dealing, investment advisory and asset management) since 1989. Mr. Au Yeung is well experienced in the financial service management field since 1993. He held the positions of General Manager, Chief Executive Officer and Managing Director, overseeing the functions of securities dealing, investment advisory and asset management of stated-owned, private and public financial institutions, in different periods in the past.

Mr. Au Yeung was once involved in the setting up of two SFC-licensed asset management firms in Hong Kong in 2006 and 2008 respectively. During the periods from 1998 to 2001 when he served Hantec Asset Management Fund (“HAMF”) with a fund size of US\$3 million and from 2006 to 2010 when he served the two newly-set up asset management firms, Mr. Au Yeung oversaw the fund management function of the respective companies. These private discretionary funds he managed invested in Hong Kong stocks. The Company also invests in the Hong Kong stock market. The objectives of such funds depended on the risk tolerance level of the investors. During the period HAMF was under Mr. Au Yeung’s management, the performance of HAMF corresponded to that of the Hang Seng Index.

LETTER FROM VINCO CAPITAL

Mr. Au Yeung also provided investment management services to the China Investment Fund (“CIF”) under China Investment Fund Limited (stock code: 612) a Chapter 21 investment company from 2002 to 2004. The size of CIF was approximately HK\$30 million and it invested in Hong Kong stocks. The Company also invests in the Hong Kong stock market. The objective of CIF was to achieve long-term capital appreciation, which is similar to the investment objectives of the Company. During the period CIF was under Mr. Au Yeung’s management, the performance of CIF corresponded to that of the Hang Seng Index. As far as roles and responsibilities are concerned, in addition to provide investment management services to third party investors, Mr. Au Yeung oversaw the overall operation of respective companies. As such, Mr. Au Yeung is well qualified to take up his present role and responsibilities of giving investment advice in the form of advisory reports.

Mr. Au Yeung acquired the ACII professional qualification granted by the Chartered Insurance Institute, UK in 1985. Mr. Au Yeung was a dealer and an investment adviser registered under the Commodities Trading Ordinance (Cap. 250 of the Laws of Hong Kong) respectively before the new licensing regime under the SFO commenced in 2003. Mr. Au Yeung is currently licensed by the Securities and Futures Commission to carry on dealing in securities, advising on securities and asset management regulated activities. Mr. Au Yeung was appointed as a director of CUIM on 3 August 2010. Mr. Au Yeung was not involved in any breaches of laws, rules and regulations in the securities industry which has bearing on his integrity and competence.

Given Mr. Au Yeung has substantial experience on overseeing the fund management function of asset management firms and providing investment management service to the CIF, we are of the view that Mr. Au Yeung has satisfactory experience in the professional management of investments on behalf of third party investors.

Miss Chan Wing Yan, Carman (“Miss Chan”) has over 7 years of high level global banking and finance experiences. Miss Chan has previous work experience in Hong Kong, Canada and Europe and is familiar with the Frankfurt Stock Exchange. Miss Chan has over 7 years in providing investment advice and serving funds on behalf of third party investors.

Miss Chan served two Canadian funds (the “Canadian Funds”) during her employment within a top five Canadian bank from 2004 to 2007. Miss Chan is responsible for the investment management of the Canadian Funds. Her role as a private banker is to assist in fund management and to provide investment advisory services in the form of advisory reports to institutional and professional clients. The fund sizes were approximately HK\$1 billion each. The investment objectives were to provide long-term growth through capital appreciation by investing primarily in small to medium-sized listed companies judged to be undervalued or that had above-average growth potential, which is similar to the Company. To achieve its investment objectives, the Canadian Funds identified stocks with attractive value characteristics from among a broad universe of stocks and small to medium capitalisation stocks that traded at reasonable valuation. The Canadian Funds also invested in some well-known established companies and aimed to add value through prudent security selection, based on fundamental, bottom-up analysis.

From 2007 to 2008, Miss Chan was an associate director of a regional financial institution with a fund size of approximately HK\$100 million. The investment objective of such fund was to achieve short to medium term capital appreciation by investing in small to medium listed and

LETTER FROM VINCO CAPITAL

unlisted companies mainly in Hong Kong and the PRC, which is similar to the Company. During this period, she is responsible for managing the institutional clients and in-house funds portfolio investment activities.

In 2008, Miss Chan held the position of Vice President in a Swiss bank during which she served a fund in a size of approximately HK\$1 billion. Miss Chan is responsible for the investment management of such fund. Her role includes providing investment advisory services in the form of advisory reports to institutional and professional clients. The investment objective was to achieve a performance as high as possible in the context of the general trend on the Asian equities market, while limiting the risk, which is similar to the Company. The fund invested at least two thirds of its assets, in accordance with the principle of risk spreading, in quoted shares of leading companies having a good quality and headquartered or operating mainly in Asia (excluding Japan). The remaining portion, which could not exceed one third its assets, was to be invested in liquid assets or in fixed income or floating rate securities with a residual maturity of less than 12 months. The objective was to achieve long-term capital growth was aimed by investing in carefully selected equities and warrants of small to medium sized listed companies which is similar to the investment objectives of the Company.

From October 2008 to August 2010, Miss Chan served a Hong Kong listed issuer managing a fund size of approximately HK\$200 million. The focus of the fund was to invest in small to medium listed and unlisted securities and the investment objective of which was to achieve capital growth, which is similar to the Company. During this period, Miss Chan was responsible for maintaining relationships with and to provide investment reports to public and professional investors.

From August 2010 to June 2011, Miss Chan served a Frankfurt financial advisory firm with a fund size of approximately US\$30 million with a focus on assisting private companies to go public in Europe, which is different from the investments made by the Company and the investment objectives of the Company. During this period, Miss Chan obtained diverse experience in her participation over the listing process of such fund.

Since October 2011, Miss Chan worked for CUIM and provided investment advisory reports to National Investments Fund Limited (“National Fund”), of a fund size of around HK\$100 million. The investment objective is to achieve short to medium term capital appreciation by investing in listed and unlisted companies mainly in Hong Kong and the PRC. National Fund also tends to invest in unlisted companies with potential to seek a listing on the Stock Exchange or any overseas stock exchange. At least 50% of National Fund’s assets will be invested in equity securities, convertible notes, preference shares, options, warrants, futures contracts, debt securities, mutual funds and unit trusts issued or managed by listed and unlisted companies in Hong Kong and the PRC, or such other types of investments in accordance with the investment objectives and policies adopted by National Fund from time to time and the requirements of the memorandum and articles of association of National Fund, the Listing Rules and the investment management agreement. Miss Chan’s roles and responsibilities in the present and the past included giving investment advice.

LETTER FROM VINCO CAPITAL

Miss Chan studied and graduated in British Columbia, Canada with an Associate of Arts degree in 2004. Miss Chan is licensed to carry out advising on securities and asset management regulated activities by the Securities and Futures Commission. Miss Chan was appointed as a director of CUIIM on 8 July 2011. Miss Chan was not involved in any breaches of laws, rules and regulations in the securities industry which has bearing on her integrity and competence.

Given Miss Chan has substantial experience on managing the institutional clients and in-house funds portfolio investment activities and providing investment reports to public and professional investors, we are of the view that Miss Chan has satisfactory experience in the professional management of investments on behalf of third party investors.

Given that the extensive experience owned by the directors of CUIIM, including but without limitation to provision of investments management on behalf of third party, financial services, legal advisory, asset management, banking and finance experience and other related experience, CUIIM is capable to provide comprehensive investment or divestment reports for the executive Directors to approve and execute.

With reference to the past investment performance of the Company, we have reviewed the Company's investment portfolio for the last three financial years ended 31 December 2010, during which CUIIM being the investment manager of the Company, and noted that, such investment performance of the portfolio were highly affected by the global financial crisis. As confirmed by the Company, most of the Company's investments and returns were recorded losses mainly due to the immediate business performance and/or price level of the Company's investee companies during the said period. Although the Group recorded losses financial position in the past three financial years ended 31 December 2010, the loss-making financial performance was improving in these years. The financial position is highly dependent on the performance of the local and global economy, uncertainty and unfavorable market sentiment in the global markets, all of which have dragged the performance of the Group's investment portfolio and the price level of respective invested securities. In order to assess the performance of the Company, we have reviewed the change in NAV per share of the Company and the performance of Hang Seng Index during the year of 2008 to 2010. Instead of using the total NAV, we have examined the changes in NAV per share of the Company because the latter can dilute the incremental effect of any fund raising activities on the NAV of the Company to certain extent. We realised that the index recorded a significant downtrend in 2008 as compared to the peak in 2007 and then switched to an uptrend during the recovery in 2009. The NAV per share of the Company, save for the year 2010, has recorded a growth rate outperforming the performance of Hang Seng Index during the period. In order to further assess the performance of the Company during the year 2010 among other Chapter 21 investment companies, we have then reviewed the changes in NAV per share of 24 Chapter 21 investment companies. We have excluded 3 investment companies as two of them were either not listed until 2011 or suspended in trading since 2008 and another one designated CUIIM as its investment manager. Even though the remaining 21 investment companies, which are exhaustive, may have unique characteristics in terms of their investment objectives, market capitalisation and so forth, these comparables are of similar nature as they are all investment companies as defined under Chapter 21 of the Listing Rules, with investment objectives mainly focusing on listed/unlisted securities in Hong Kong and/or the PRC, and we are of the view that such comparison can

LETTER FROM VINCO CAPITAL

still provide a general picture on the overall performance of investment companies in the market. The table below shows the comparison between the percentage change in NAV per share of the Chapter 21 companies and the percentage change in Hang Seng Index as at 31 December 2010:

Stock code	Company name	Percentage change in 2010		
		NAV per share	Hang Seng Index	Percentage of out/underperformed the Hang Seng Index
133	China Merchants China Direct Investments Limited	-18.61%	5.32%	-23.93%
170	China Assets (Holdings) Limited	8.81%	5.32%	3.49%
204	Temujin International Investments Limited	-127.88%	5.32%	-133.20%
310	Prosperity Investment Holdings Limited	-75.26%	5.32%	-80.58%
339	Earnest Investments Holdings Limited	31.32%	5.32%	26.00%
428	Harmony Asset Limited	14.11%	5.32%	8.80%
612	China Investment Fund Co. Limited	8.33%	5.32%	3.02%
666	SHK Hong Kong Industries Limited	0.00%	5.32%	-5.32%
721	China Financial International Investments Limited	0.00%	5.32%	-5.32%
768	UBA Investments Limited	29.81%	5.32%	24.49%
770	Shanghai International Shanghai Growth Investment Limited	32.34%	5.32%	27.02%
810	Opes Asia Development Limited	3.48%	5.32%	-1.84%
905	Mastermind Capital Limited	152.63%	5.32%	147.31%
1062	New Capital International Investment Limited	14.53%	5.32%	9.21%
1140	OP Financial Investments Limited	5.49%	5.32%	0.17%
1160	Grand Investment International Limited	-11.43%	5.32%	-16.75%
1217	China Innovation Investment Limited	20.00%	5.32%	14.68%
1226	China Investment and Finance Group Limited	66.67%	5.32%	61.35%
1227	National Investments Fund Limited	712.50%	5.32%	707.18%
2312	China Financial Leasing Group Limited	179.61%	5.32%	174.29%
2324	Capital VC Limited	10.20%	5.32%	4.88%
	Maximum	712.50%		
	Minimum	-127.88%		
	Mean	50.32%		
	Total number of comparables which outperformed Hang Seng Index			14
	Total number of comparables which underperformed Hang Seng Index			7
	The Company	-46.60%		

Source: The Stock Exchange and Yahoo Finance

LETTER FROM VINCO CAPITAL

Upon our analysis, we noted that there were about one-third of the investment companies which underperformed Hang Seng Index during 2010 as well. In view of the fact that Hang Seng Index had already been in a downtrend and undergone an unprecedented turbulence since the global financial crisis in 2008, the underperformance of the Company in 2010, during which CUIM being the investment manager of the Company, is therefore not the only case among the investment companies in the market. Given that all the securities bought by the Company, which were all recommended by CUIM, were shortlisted, approved and executed by the executive Directors, we concur with the Directors' opinion that the performance of CUIM is satisfied and the performance of the Company is not affected solely by the performance of CUIM. Instead, the Company's investment return and changes in NAV depends on various factors including market conditions and price level of respective invested securities. CUIM, being a licensed person to provide investment advisory for investment companies, has experienced in investment management team and which understands well the Company's investment objectives and the corresponding risks due to long-term engagement. Therefore, we also concur with the Directors' view that CUIM could continually provide the Company valuable investment advice.

2. Principal terms of the IM Master Transactions Agreement

The following table illustrates the actual amounts payable by the Group to HCG Group for the Investment Management Services during each of the two financial years ended 31 December 2010 and for the nine months ended 30 September 2011:

	For the year ended 31 December 2009	For the year ended 31 December 2010	For the nine months ended 30 September 2011
	HK\$'000	HK\$'000	HK\$'000
Investment management fee	720	720	660

The Investment Management Cap for each of the three financial years ending 31 December 2014 will not exceed the following amounts:

	For the year ending 31 December 2012	For the year ending 31 December 2013	For the year ending 31 December 2014
	HK\$'000	HK\$'000	HK\$'000
Investment Management Services ("Investment Management Cap")	1,200	1,320	1,452

Pursuant to the IM Master Transactions Agreement, the Investment Management Cap payable is conducted on normal commercial terms with a period of three financial years ending 31 December 2014. In determining the Investment Management Cap under the IM Master Transactions Agreement, the Company has primarily adopted the following basis and assumptions, including but not limited to, the current annual investment management fee payable by the Company under the Investment Management Agreement plus buffer to allow for increment. As mentioned, the Group has been transacting with CUIM and other subsidiaries of HCG since around 2004. The long

LETTER FROM VINCO CAPITAL

established relationship between the Group and CUIM and other subsidiaries of HCG, the Directors are of the view that it is in the interest of the Group to continue the IM Master Transactions Agreement and the Investment Management Services (including the Investment Management Cap) with CUIM. To comply with the requirements of the Listing Rules, the Company and HCG have to enter into the IM Master Transactions Agreement so as to allow the Group to continue its Investment Management Services with CUIM that are in the ordinary and usual course of business of the Group. Given the continual engagement of HCG Group would ensure the Group has the service provider which has (i) in-depth knowledge and full understanding of the investment policy of the Board; (ii) the consistence in the standard of identifying investment opportunities and the corresponding risks for the Group; (iii) the continuous provision of the latest market information, updates and investment advisory for the Group; and (iv) the investment management services availability to the Group. Accordingly, we are of the view that even though the Investment Management Cap (including a buffer) higher than the respective historical transacted amounts is still fair and reasonable.

In further assessing the fairness and reasonableness of the Investment Management Cap, we have reviewed the breakdown of determining such cap and discussed with the Directors regarding, among other things, the basis and assumptions made by the Company in determining it. We were advised by the Directors the Investment Management Cap is determined based on (i) the investment management fees charged by CUIM on its other clients who are Chapter 21 investment companies; (ii) CUIM's knowledge and understanding of the investment policy of the Company; and (iii) the flexibility to determine an increase in the investment management fee payable to CUIM, of which does not implied that the Company will necessarily approve the increase in such fee each year up to the amount set out in the Investment Management Cap. Given (i) the continual provision of Investment Management Services would ensure the Group's business operations; (ii) the avoidance of any substantial search and administrative costs incurred for procurement of other independent third parties to provide investment management services to the Group; (iii) the avoidance of seeking further Shareholders' approval on the cap amount for Investment Management Services in case the actual transaction volume has exceed the Investment Management Cap approved by the Shareholders, we are of the view that it is beneficial for the Group to obtain the maximum possible Investment Management Cap and the abovementioned assumptions are fair and reasonable to the Company and the Independent Shareholders as a whole.

We have further discussed with the Directors, regarding the fairness and reasonableness of the IM Master Transactions Agreement and the Investment Management Services (including the Investment Management Cap), and are given to understand that the Investment Management Cap has been and will be on normal commercial terms determined after arm's length negotiation between the Group and HCG Group. In this regard, we have reviewed the pricing terms of certain sample transactions in relation to the provision of investment management services which investment management fee payable by other Chapter 21 investment companies to other investment managers. Based on our review, we are of the view that such fee is in line with market comparables (details of which can be referred to the section as set out in "Background and reasons for entering into the IM Master Transactions Agreement").

LETTER FROM VINCO CAPITAL

Taking into consideration that (i) the terms of the IM Master Transactions Agreement are determined after arm's length negotiation between the Group and HCG Group and the Investment Management Services are in the ordinary and usual course of business of the Group; and (ii) the continuation of the long established relationship between the Group and CUIM would not result in lengthy negotiation and substantial search and administrative costs for the Group, we are thus of the opinion that the terms of the IM Master Transactions Agreement in relation to the Investment Management Services and the Investment Management Cap is fair and reasonable and in the interest of the Company and the Independent Shareholders as a whole.

D. CONCLUSION

Having considered that (i) the Group would obtain continuing operational convenience by transacting with CUIM; (ii) the terms of the Investment Management Services are fair and reasonable; (iii) majority of CUIM's directors have satisfactory experience in the professional management of investments on behalf of third party investors; and (iv) the basis and assumptions for determining the Investment Management Cap are fair and reasonable, we are of the view that the IM Master Transactions Agreement and the transactions contemplated thereunder (including the Investment Management Cap) are entered into in the ordinary and usual course of business of the Group and on normal commercial terms, are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM for approving the IM Master Transactions Agreement and the transactions contemplated thereunder (including the Investment Management Cap).

Yours faithfully,
For and on behalf of
Grand Vinco Capital Limited
Alister Chung
Managing Director

A. ADDITIONAL INFORMATION ON THE INVESTMENT MANAGER**CUIM**

CUIM is a company incorporated in Hong Kong on 27 August 2001 with limited liability and is a corporation licensed under the SFO to carry out type 4 (advising on securities) and type 9 (asset management) regulated activities.

Role of CUIM

CUIM is responsible for making investment proposals to the Company in accordance with the Investment Management Agreement, the articles of association of the Company and the investment policies of the Company. The Company will from time to time have discussions with CUIM on investment opportunities and provide update information on the Company's investment portfolio to CUIM. CUIM will give investment advice and prepare investment advisory reports to the Company from time to time for consideration by the executive Directors. The executive Directors will review the reports and decide on whether to proceed with the investment. The executive Directors will evaluate the content and analysis in the investment advisory reports including the investee company's business background information, financial position and the investment risk involved. In evaluating the recommendations by CUIM, the executive Directors will also take into account the current investment portfolio available on hand, the spread of investments, the Company's financial condition and the overall market condition. Only the executive Directors are involved in reviewing the content and analysis in the investment advisory reports from CUIM and are responsible for making investment decisions.

CUIM has told the Company it is the investment manager of two other Chapter 21 investment companies plus other clients. In respect of the Chapter 21 investment companies, CUIM confirmed to the Company that it has separate officers responsible for providing services to each company since July 2011. CUIM has confirmed to the Company that the investment objectives, policies and restrictions including length of investments, forms of investments, geographical coverage and investments limit of the other two Chapter 21 investment companies that CUIM also acting as investment manager are similar but not identical to that of the Company.

Common investments between the Company and other clients of CUIM

CUIM has confirmed to the Company that same advisory role is performed for its other clients and it will provide investment advisory reports for its clients in accordance with their respective investment objectives as a reference and it will not execute investment decisions for and behalf of any of its clients. Any investment (if approved) can only be executed into by its clients directly and as principal, and CUIM does not have the authority to bind any client to any investment. It is the clients of CUIM themselves who directly make the investment. Therefore, there is no past/existing investments previously/currently under the management of CUIM. Whether the clients are successful in making the investments would ultimately be determined by such clients. Given that CUIM does not execute investment decisions on behalf of its clients

nor is it obliged to verify whether its clients have so executed investments based on its advice, CUIM cannot determine whether in fact there are any common investments amongst its clients. It is however possible that its different clients may have made investments in the same target(s), although they would be done separately and independently (amongst the clients of CUIM).

(a) Investment Management Agreement acknowledges potential conflict of interests

Under the Investment Management Agreement, it is acknowledged that CUIM may, in the course of its business, have potential conflicts of interest with the Company.

(b) Dealing with conflict of interests situation and mechanism to avoid conflict of interest

The Investment Management Agreement also provides how CUIM shall deal with certain conflict of interests situation as follows:

(i) Allocation of resources and investment opportunities

It is stated in the Investment Management Agreement that:

“CUIM shall devote such time and effort to the Company’s business as is necessary to promote the interests of the Company. If conflicts in relation to allocation of resources and attention and/or the allocation of investment opportunities do arise between the Company and other clients (including funds) being managed or advised by and/or clients of CUIM, the opportunities which are to be allocated between the Company and such other clients shall be based on (i) the nature and size of the investment; (ii) the investment restrictions of the Company and such other clients; and/or (iii) the risk portfolio and required rate of return on the investment. If more than one of the funds managed or advised by, and/or the clients of, CUIM, have the intention to participate in the same investment, CUIM shall allocate such investment opportunities on a reasonable and equitable basis.”

Over 90% of the Company’s investment portfolio was comprised of listed securities or unlisted convertible debt securities in the past three financial years.

CUIM explained to the Company that it deals with situations of actual and potential conflicts of interests as follows:

- (a) For listed securities – CUIM will advise its clients based on each client’s investment objectives, existing investments portfolio maintained and preferences of that client, if any. The investment advice given for different clients may, depending on the above factors, be the same or differ between clients.

CUIM has told the Company it will not execute any investment decision on behalf of any of its clients. The investment decision is made by each client independently and executed directly by such clients through their brokers. The actual order placed by each client, even for the same investment target may differ as to price, quantity and timing. Accordingly, in the case of CUIM giving advice on listed investments where there is an open market, there should be no potential or actual conflict of interest.

- (b) For unlisted investments – CUIM will offer potential investment opportunities in unlisted investments to all their clients at the same time (except for those of their clients who are restricted from making such investment) so as to ensure each client is given an opportunity to decide on whether it wishes to participate in such investment. At the same time, CUIM will also disclose to each client the potential conflict of interest between their clients in the same investment opportunity. If the available investment is insufficient to satisfy the need among the clients of CUIM, CUIM will allocate the investment to the Company and other clients on a pro-rata basis depending on the respective subscription request.

- (ii) Co-investments

It is stated in the Investment Management Agreement that:

“CUIM may draw upon the research capabilities of and information resources available to it or its affiliates, and also the research and investment ideas of other companies whose brokerage services it utilizes. CUIM reserves the right for itself and/or its affiliates to co-invest on their own with the Company and the right for its affiliates to co-invest for its other funds and/or its clients together with the Company, although any such co-investment must be made on terms no better than those in which the Company is investing, and may also make investments in companies in which the Company has previously invested. CUIM shall, in any event, disclose to the Company any transaction involving investments in which the Company has invested or may reasonably be expected to invest before CUIM enters into such transaction on its own account or on behalf of any third party by giving a notice to the Board to that effect, provided always that CUIM shall not be required to disclose information about its other clients which is subject to client confidentiality.”

Directors of CUIM

The following are the qualification and details of the directors of CUIM based on information provided by CUIM:

Dr. Wong Foelan (“Dr. Wong”) has more than 10 years of professional experiences in the financial services industry. Dr. Wong has worked for regional financial institutions. Dr. Wong has been engaged in proprietary trading in equity, futures and options, fund management, research analyst, equity capital market and private equity investment. Dr. Wong possesses over 10 years of experience in professional management of investments on behalf of third party investors and/or in providing investment advisory services to professional/institutional investors. In 1996 to 1997, Dr. Wong was a dealer in a securities firm listed in Hong Kong serving several in-house private funds with size around HK\$1,000 million, the investment objective of which was for medium and long term investment appreciation and their performance were correlated with Hang Seng Index. During this period, he focused on trading for in-house and institutional client funds. In 1998 to 1999, Dr. Wong worked in a PRC Securities firm serving an in-house fund of a size of around HK\$50 million with a focus on Hong Kong indexes arbitrary tradings, the investment objective of which was for short to medium term investment appreciation and its performance was correlated with Hang Seng Index. During this period, he conducted proprietary trading for in-house and institutional client funds and wrote investment reports. In 1999 to 2000, Dr. Wong worked in a securities firm in Hong Kong serving an in-house fund in the size of around HK\$50 million, the investment objective of which was for short to medium term investment appreciation and its performance was correlated with Hang Seng Index. During this period, he focused on proprietary trading for in-house and institutional client funds and wrote investment reports. In 2000 to 2001, Dr. Wong worked at a securities firm in Hong Kong serving an in-house fund of a size of HK\$10 million, the investment objective of which was for long term investment appreciation and its performance was correlated with Hang Seng Index. During this period, he focused on proprietary trading for in-house and institutional client funds and wrote investment reports. In 2003, Dr. Wong worked in a Taiwanese Company serving a private fund in the size of HK\$10 million with a focus on Hong Kong indexes arbitrary tradings, the investment objective of which was for short to medium term capital appreciation and its performance was correlated with Hang Seng Index. During this period, he focused on proprietary trading for the private fund. In 2004 to 2007, Dr. Wong worked as a manager serving a Tokyo public trust of a size of around HK\$550 million with a focus on investment in Hong Kong listed PRC firms, the investment objective of which was for long term investment appreciation and its performance was correlated with Hang Seng Index. During this period, his duty was to provide strategic investment advisory reports and to follow up the fund’s investment activities. In 2007 to 2008, Dr. Wong worked for CUIM and provided investment advisory reports to two Chapter 21 investment companies, Radford Capital Investment Limited and the Company, of a fund size of around HK\$100 million to HK\$200 million. The investment objectives were for capital growth. In 2008 to 2009, Dr. Wong worked for a China capital based private fund with a size of around HK\$100 million, the investment objective of which was for short to long term capital appreciation. Its performance was correlated with Hang Seng Index. During this period, he was responsible for setting up and to supervise the fund’s investment activities. In 2009, Dr. Wong worked for an Indian capital based fund with a size of around HK\$70 million, with the investment objective for short to medium term capital appreciation. Its performance was correlated with Hang Seng Index. During this period, he was responsible for setting up and to

supervise the fund's investment activities. Since 2010, Dr. Wong worked for CUIM and provided investment advisory reports to Radford Capital Investment Limited, National Investments Fund Limited (up to July 2011) and the Company (up to July 2011), of a fund size of around HK\$100 million to HK\$200 million. The investment objectives were for capital growth. All of the funds mentioned above were private funds (except for the Chapter 21 investment companies and the Tokyo public trust fund). Dr. Wong does not have any information on the performance of the private funds and Tokyo public trust. Dr. Wong is licensed to conduct dealing in securities, dealing in futures contracts, advising on securities and asset management regulated activities by the Securities and Futures Commission of Hong Kong. Dr. Wong graduated in Australia and received a Master of Management Information Systems degree in 2003 and got a Business Administration in doctorate degree in the United States (U.S.) in 2010. Dr. Wong is the director of HCG. Dr. Wong was appointed as the managing director of CUIM on 4 March 2010. Dr. Wong was not involved in any breaches of laws, rules and regulations in the securities industry which has bearing on his integrity and competence.

Mr. Pak William Eui Won ("Mr. Pak") holds a Master of Laws degree in U.S. taxation from the University of Washington School of Law since 2005, a Juris Doctor's degree from the University of British Columbia Faculty of Law since 2004 and an Economics and Commerce degree from the University of British Columbia Faculty of Arts since 2001. Mr. Pak is an attorney licensed by the New York State Bar and is a member of the New York State Bar Association and the American Bar Association since 2007. He was a lawyer in the investment funds practice at White & Case's New York and Hong Kong offices. He has substantive experience in the establishment and representation of numerous U.S. and international private investment funds including private equity funds, hedge funds, real estate funds, distressed funds and hybrid funds for over four years, ranging in sizes from US\$50 million to US\$3 billion. Investors in such funds have included U.S. tax exempt and ERISA investors, U.S. taxable investors and various other non-U.S. investors. Mr. Pak has acted for fund sponsors, fund managers, placement agents and investors from the United States, Europe, the Middle East and Asia. Prior to joining White & Case, Mr. Pak worked in the mergers & acquisitions department in the San Francisco office of Ernst & Young where he provided transactional tax advisory services for mergers and acquisitions, reorganisations, and spin-offs involving private equity funds, U.S. corporations, partnerships, LLCs and foreign entities. Mr. Pak has also gained experience in handling transactions involving mergers and acquisitions, reorganisations, spin-offs and other corporation transactions activities on behalf of US private equity funds. Mr. Pak is currently the independent non-executive director of Forefront Group Limited (stock code: 885), which is a company listed on the Main Board of the Stock Exchange. Mr. Pak was appointed as the director of CUIM on 10 May 2010. Mr. Pak does not have any experience in the professional management of investments on behalf of third party investors. Mr. Pak was not involved in any breaches of laws, rules and regulations in the securities industry which has bearing on his integrity and competence.

Mr. Au Yeung Kam Kay (“Mr. Au Yeung”) has devoted himself in the financial service sector since 1981. Mr. Au Yeung was engaged in numerous insurance (reinsurance, general insurance and insurance broking) companies from 1981 to 1989. Mr. Au Yeung has been engaged in numerous investment companies (securities dealing, investment advisory and asset management) since 1989. Mr. Au Yeung is well experienced in the financial service management field since 1993. He held the positions of General Manager, Chief Executive Officer and Managing Director, overseeing the functions of securities dealing, investment advisory and asset management of stated-owned, private and public financial institutions, in different periods in the past. Mr. Au Yeung was once involved in the setting up of two SFC-licensed asset management firms in Hong Kong in 2006 and 2008 respectively. During the periods from 1998 to 2001 when he served Hantec Asset Management Fund (“HAMF”) with a fund size of US\$3 million and from 2006 to 2010 when he served the two newly-set up asset management firms, Mr. Au Yeung oversaw the fund management function of the respective companies. These private discretionary funds he managed invested in Hong Kong stocks. The Company also invests in the Hong Kong stock market. The objectives of such funds depended on the risk tolerance level of the investors. During the period HAMF was under Mr. Au Yeung’s management, the performance of HAMF corresponded to that of the Hang Seng Index. Mr. Au Yeung also provided investment management services to the China Investment Fund (“CIF”) under China Investment Fund Limited (stock code: 612) a Chapter 21 investment company from 2002 to 2004. The size of CIF was approximately HK\$30 million and it invested in Hong Kong stocks. The Company also invests in the Hong Kong stock market. The objective of CIF was to achieve long-term capital appreciation, which is similar to the investment objectives of the Company. During the period CIF was under Mr. Au Yeung’s management, the performance of CIF corresponded to that of the Hang Seng Index. As far as roles and responsibilities are concerned, in addition to provide investment management services to third party investors, Mr. Au Yeung oversaw the overall operation of respective companies. As such, Mr. Au Yeung is well qualified to take up his present role and responsibilities of giving investment advice in the form of advisory reports. Mr. Au Yeung acquired the ACII professional qualification granted by the Chartered Insurance Institute, UK in 1985. Mr. Au Yeung was a dealer and an investment adviser registered under the Commodities Trading Ordinance (Cap. 250 of the Laws of Hong Kong) respectively before the new licensing regime under the SFO commenced in 2003. Mr. Au Yeung is currently licensed by the Securities and Futures Commission to carry on dealing in securities, advising on securities and asset management regulated activities. Mr. Au Yeung was appointed as a director of CUIM on 3 August 2010. Mr. Au Yeung was not involved in any breaches of laws, rules and regulations in the securities industry which has bearing on his integrity and competence.

Miss Chan Wing Yan, Carman (“Miss Chan”) has over 7 years of high level global banking and finance experiences. Miss Chan has previous work experience in Hong Kong, Canada and Europe and is familiar with the Frankfurt Stock Exchange. Miss Chan has over 7 years in providing investment advice and serving funds on behalf of third party investors. Miss Chan served two Canadian funds (the “Canadian Funds”) during her employment within a top five Canadian bank from 2004 to 2007. Miss Chan is responsible for the investment management of the Canadian Funds. Her role as a private banker is to assist in fund management and to provide investment advisory services in the form of advisory reports to institutional and professional clients. The fund sizes were approximately HK\$1 billion each. The investment objectives were to provide long-term growth through capital appreciation by investing primarily in small to medium-sized listed companies judged to be undervalued or that had above-average growth potential, which is similar to the Company. To achieve its investment objectives, the Canadian Funds identified stocks with attractive value characteristics from among a broad universe of stocks and

small to medium capitalisation stocks that traded at reasonable valuation. The Canadian Funds also invested in some well-known established companies and aimed to add value through prudent security selection, based on fundamental, bottom-up analysis. From 2007 to 2008, Miss Chan was an associate director of a regional financial institution with a fund size of approximately HK\$100 million. The investment objective of such fund was to achieve short to medium term capital appreciation by investing in small to medium listed and unlisted companies mainly in Hong Kong and the PRC, which is similar to the Company. During this period, she is responsible for managing the institutional clients and in-house funds portfolio investment activities. In 2008, Miss Chan held the position of Vice President in a Swiss bank during which she served a fund in a size of approximately HK\$1 billion. Miss Chan is responsible for the investment management of such fund. Her role includes providing investment advisory services in the form of advisory reports to institutional and professional clients. The investment objective was to achieve a performance as high as possible in the context of the general trend on the Asian equities market, while limiting the risk, which is similar to the Company. The fund invested at least two thirds of its assets, in accordance with the principle of risk spreading, in quoted shares of leading companies having a good quality and headquartered or operating mainly in Asia (excluding Japan). The remaining portion, which could not exceed one third its assets, was to be invested in liquid assets or in fixed income or floating rate securities with a residual maturity of less than 12 months. The objective was to achieve long-term capital growth was aimed by investing in carefully selected equities and warrants of small to medium sized listed companies which is similar to the investment objectives of the Company. From October 2008 to August 2010, Miss Chan served a Hong Kong listed issuer managing a fund size of approximately HK\$200 million. The focus of the fund was to invest in small to medium listed and unlisted securities and the investment objective of which was to achieve capital growth, which is similar to the Company. During this period, Miss Chan was responsible for maintaining relationships with and to provide investment reports to public and professional investors. From August 2010 to June 2011, Miss Chan served a Frankfurt financial advisory firm with a fund size of approximately US\$30 million with a focus on assisting private companies to go public in Europe, which is different from the investments made by the Company and the investment objectives of the Company. During this period, Miss Chan obtained diverse experience in her participation over the listing process of such fund. Since October 2011, Miss Chan worked for CUIM and provided investment advisory reports to National Investments Fund Limited (“National Fund”), of a fund size of around HK\$100 million. The investment objective is to achieve short to medium term capital appreciation by investing in listed and unlisted companies mainly in Hong Kong and the PRC. National Fund also tends to invest in unlisted companies with potential to seek a listing on the Stock Exchange or any overseas stock exchange. At least 50% of National Fund’s assets will be invested in equity securities, convertible notes, preference shares, options, warrants, futures contracts, debt securities, mutual funds and unit trusts issued or managed by listed and unlisted companies in Hong Kong and the PRC, or such other types of investments in accordance with the investment objectives and policies adopted by National Fund from time to time and the requirements of the memorandum and articles of association of National Fund, the Listing Rules and the investment management agreement. Miss Chan’s roles and responsibilities in the present and the past included giving investment advice. Miss Chan studied and graduated in British Columbia, Canada with an Associate of Arts degree in 2004. Miss Chan is licensed to carry out advising on securities and asset management regulated activities by the Securities and Futures Commission. Miss Chan was appointed as a director of CUIM on 8 July 2011. Miss Chan was not involved in any breaches of laws, rules and regulations in the securities industry which has bearing on her integrity and competence.

Appointment of CUIM

CUIM was first appointed on 5 November 2003.

The Company is satisfied that CUIM is a licensed person to provide investment advisory report for the consideration of the Company. The top ten investments bought and top ten loss-making investments were all recommended by CUIM and approved by the executive Directors. The Directors are satisfied with the investment advise given by CUIM and they are of the view that the performance of the Company is not affected solely by the performance of CUIM. The Company's investment return and changes in net assets value depends on various factors including market conditions and price level of respective invested securities.

B. ADDITIONAL INFORMATION ON THE COMPANY'S INVESTMENTS**Investment objectives and policies**

The Company is an investment company incorporated in the Cayman Islands with the primary objective of achieving medium-term to long-term capital appreciation by investing in listed and unlisted companies in Hong Kong, the People's Republic of China (the "PRC") and other main markets around the world.

The Company has adopted the following investment policies:

1. Investments will normally be made in the form of equity related securities and debt instruments in listed and unlisted companies engaged in different industries including (but not limited to) the manufacturing, services, property, telecommunications, technology and infrastructure sectors to maintain a balance in the Company's exposure to different industry sectors in order to minimise the impact on the Company of any downturn in any particular sector.
2. Investments will normally be made in enterprises which are established in their respective fields and in which the Board believes that there are prospects of long-term growth. In particular, the Company will seek to identify businesses with a potential of profit growth, strong management, high level of technical expertise and research and development capabilities as well as management commitment to the long-term growth. However, the Company will also consider investments in companies or other entities which are considered by the Board and the investment manager of the Company to be in special or recovery situations.
3. Where possible, the Board and the investment manager of the Company would seek to identify investments where there is a certain degree of synergy with other investee companies and where cooperation between such companies would be of mutual benefit to each other.

4. The Company's investments are intended to identify medium-term or long-term capital appreciation and there is no present intention to realise any of such investments in any specific period or by any specific date. Nevertheless, the Board will from time to time realise investments where they believe that to do so would be in the best interests of the Company or where the terms on which such realisation can be achieved are believed by the Board to be particularly favourable to the Company.

Investors should note that while it is the intention that the funds of the Company will be invested in accordance with the investment objectives and policies outlined above as soon as practicable, it may take some time before the funds of the Company are fully deployed due to market and other investment considerations.

Investment restrictions

Under the articles of association of the Company (the "**Articles**") and the Listing Rules relating to the listing of investment companies, certain restrictions on investments are imposed on the Company. In part to meet such restriction, the Board has resolved that the Company may not:

1. either on its own or in conjunction with any connected person, make legal, or effective, management control of any company or other entity in which it invests or owns or controls more than 30% (or such lower percentage as may from time to time be specified in The Hong Kong Code on Takeovers and Mergers as being the level for triggering a mandatory general offer) of the voting rights in such company or entity, except in relation to wholly-owned subsidiaries of the Company.
2. invest in any company or entity other than wholly-owned subsidiaries of the Company if such investment will result in more than 20% of the net asset value of the Company being invested in such company or entity as at the date the investment is made.
3. buy or sell commodities, commodity contracts or precious metals, except that it may purchase and sell futures contracts on stock indices and securities which are secured by commodities or precious metal.
4. invest more than 20% of the Company's assets outside Hong Kong and the PRC to the extent of contravening its primary objective of achieving medium-term or long-term capital appreciation by investing in listed and unlisted companies in Hong Kong and the PRC.

The Company has to comply with investment restrictions 1 and 2 above, in accordance with its Articles, and at all times while it remains listed as an investment company under Chapter 21 of the Listing Rules.

Investment restrictions 3 and 4 can be changed subject to the approval of Shareholders by way of an ordinary resolution. The Board has no present intention to change any of the abovementioned investment restrictions.

Investment portfolio

- (i) Set out below are the top ten securities bought by the Group for each of the three financial years ended 31 December 2008, 2009 and 2010, and for the period from 1 January 2011 to the Latest Practicable Date, respectively:

For the financial year ended 31 December 2008

Stock code	Stock name	Acquisition cost <i>HK\$ million</i> <i>(approximate)</i>
273	Willie International Holdings Limited (<i>Note 1</i>)	15.30
279	Freeman Corporation Limited	39.65
412	Heritage International Holdings Limited (<i>Note 2</i>)	17.50
571	eSun Holdings Limited	91.97
735	China Power New Energy Development Company Limited	22.26
885	Forefront Group Limited	44.16
901	Radford Capital Investment Limited (<i>Note 3</i>)	27.51
139CB	GR Vietnam Holdings Limited – unlisted convertible bonds	25.00
235CN	China Strategic Holdings Limited – unlisted convertible notes	36.30
–	Goldman Sachs US\$ Liquid Reserves Fund (<i>Note 4</i>)	19.27

Notes:

- During the financial year 2008, based solely on the Company's register required to be maintained pursuant to section 336 of the SFO, Willie International Holdings Limited had been a substantial shareholder (as such term is defined under the Listing Rules) of the Company for the period from 29 October 2007 to 21 October 2008 and a shareholder of the Company holding 5% or more of issued share of the Company from 22 October 2008 to 22 December 2008.
- Throughout the financial year 2008, based solely on the Company's register required to be maintained pursuant to section 336 of the SFO, Heritage International Holdings Limited had been a shareholder of the Company holding 5% or more of issued share of the Company for that financial year.
- During the financial year 2008, based solely on the Company's register required to be maintained pursuant to section 336 of the SFO, Radford Capital Investment Limited had been a shareholder of the Company holding 5% or more of issued share of the Company from 24 April 2008 to 18 December 2008.
- The investment objective of the Goldman Sachs US\$ Liquid Reserves Fund ("US\$ Liquid Reserves Fund") is to maximise current income to the extent consistent with the preservation of capital and the maintenance of liquidity by investing in a diversified portfolio of high quality money market securities. In accordance with its investments objective, the US\$ Liquid Reserves Fund will invest in securities, instruments and obligations which are primarily listed or traded on recognised markets. Shares of the US\$ Liquid Reserves Fund are denominated in US Dollars. Goldman Sachs Asset Management International and Goldman Sachs Asset Management, L.P. jointly act as investment managers of the US\$ Liquid Reserves Fund.

For the financial year ended 31 December 2009

Stock code	Stock name	Acquisition cost <i>HK\$ million</i> <i>(approximate)</i>
273	Willie International Holdings Limited	27.54
279	Freeman Corporation Limited	17.54
412	Heritage International Holdings Limited (<i>Note 1</i>)	24.94
885	Forefront Group Limited	53.18
985	China Sci-Tech Holdings Limited	14.92
1051	G-Resources Group Limited	50.96
1141	Poly Development Holdings Limited	15.87
1224	C C Land Holdings Limited	28.65
1387	Renhe Commercial Holdings Company Limited	55.06
8116	China Public Healthcare (Holding) Limited	58.90

Note 1: Throughout the financial year 2009, based solely on the Company's register required to be maintained pursuant to section 336 of the SFO, Heritage International Holdings Limited had been a shareholder of the Company holding 5% or more of issued share of the Company for that financial year. For the period from 7 April 2009 to 2 December 2009, Heritage International Holdings Limited had been a substantial shareholder (as such term is defined under the Listing Rules) of the Company.

For the financial year ended 31 December 2010

Stock code	Stock name	Acquisition cost <i>HK\$ million</i> <i>(approximate)</i>
5	HSBC Holdings plc	55.78
127	Chinese Estates Holdings Limited	45.04
273	Willie International Holdings Limited	49.61
279	Freeman Financial Corporation Limited	73.36
474	Hao Tian Resources Group Limited	35.39
571	eSun Holdings Limited	31.49
885	Forefront Group Limited	51.58
996	Oriental Ginza Holdings Limited	62.41
1004	Rising Development Holdings Limited	59.50
1141	Beijing Yu Sheng Tang Pharmaceutical Group Limited	68.98

For the period from 1 January 2011 to Latest Practicable Date

Stock code	Stock name	Acquisition cost HK\$ million (approximate)
136	Mascotte Holdings Limited	60.00
263	China Yunnan Tin Minerals Group Co Limited	21.57
273	Willie International Holdings Limited	25.68
329	Dragonite International Limited	22.50
412	Heritage International Holdings Limited	49.15
692	Bao Yuan Holdings Limited	16.93
885	Forefront Group Limited	16.82
928	Tack Fiori International Group Limited	22.94
1141	Beijing Yu Sheng Tang Pharmaceutical Group Limited	47.58
8212CB	Hong Kong Life Group Holdings Limited – unlisted convertible bonds	20.00

- (ii) Set out below are the top ten investments held by the Group as at 31 December 2008, 2009 and 2010 and the Latest Practicable Date:

As at 31 December 2008

	Name of investee company	Number of shares held	Effective shareholding interest	Cost as at 31 December 2008 HK\$	Market value/ fair value as at 31 December 2008 HK\$	Unrealised holding gain (loss) arising on revaluation HK\$	Dividend received/ receivable during the year HK\$	Percentage to the
								Company's net asset value as at 31 December 2008
(i)	eSun Holdings Limited	43,086,578	3.47%	91,966,445	44,810,041	(47,156,404)	-	29.20%
(ii)	China Strategic Holdings Limited (unlisted convertible notes)	Not applicable	Not applicable	36,300,000	23,761,866	(12,538,134)	-	15.49%
(iii)	GR Vietnam Holdings Limited (unlisted convertible bonds)	Not applicable	Not applicable	25,000,000	17,991,016	(7,008,984)	-	11.72%
(iv)	Forefront Group Limited	46,347,250	4.95%	43,532,253	9,223,103	(34,309,150)	-	6.01%
(v)	Pacific Century Regional Developments Limited	11,000,000	0.36%	21,121,548	8,192,800	(12,928,748)	307,575	5.34%
(vi)	Universal Technology Systems Inc.	13,684,715	29.96%	28,675,269	7,620,607	(21,054,662)	-	4.97%
(vii)	Willie International Holdings Limited	12,849,400	3.30%	120,515,110	6,810,182	(113,704,928)	-	4.44%
(viii)	Heritage International Holdings Limited	12,714,070	4.97%	42,429,046	6,357,035	(36,072,011)	-	4.14%
(ix)	Radford Capital Investment Limited	54,947,321	10.64%	22,720,455	6,209,047	(16,511,408)	-	4.05%
(x)	Freeman Corporation Limited	42,825,299	4.38%	9,053,693	6,124,018	(2,929,675)	-	3.99%

Notes:

- (i) eSun Holdings Limited (“eSun”) was incorporated in Bermuda and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 571). eSun was principally engaged in development and operation of, and investment in, media, entertainment, and music production and distribution; production, investment in and distribution of films and video format products; provision of advertising agency services; sale of cosmetic products; and investment holding. The market value stated in the above table was reference to the closing price as quoted on the Stock Exchange on 31 December 2008. The percentage of investment in eSun to the Company’s net asset value when the investment was made was approximately 19.4%. Given that the Company maintained investments in around 6 different industries during the year ended 31 December 2008, the Company is of the view that it has maintained a reasonable spread of investments.
- (ii) China Strategic Holdings Limited (“China Strategic”) was incorporated in Hong Kong and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 235). China Strategic was principally engaged in the manufacturing and trading of battery products and related accessories and investments in securities holding. The fair value of the unlisted convertible notes was the amount revalued by, Asset Appraisal Limited, an independent professional valuer on 31 December 2008.
- (iii) GR Vietnam Holdings Limited (“GR Vietnam”) was incorporated in Bermuda and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 139). GR Vietnam was principally engaged in trading and distribution of electronic products and other merchandise and securities investment and trading. The fair value of the unlisted convertible bonds was the amount revalued by, Asset Appraisal Limited, an independent professional valuer on 31 December 2008.
- (iv) Forefront Group Limited (“Forefront”) was incorporated in the Cayman Islands and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 885). Forefront was principally engaged in the trading and distribution of Scania motor trucks, coaches and vehicle accessories, provision of motor vehicle repair and maintenance services, provision of other motor vehicle related business; investing in development, management and operation of an e-ticking system in PRC; selling and distribution of Nissan motors, the operation of the Nissan 4S shops, provision of heavy motor vehicle repair and maintenances service in PRC; provision of logistics services in Hong Kong and PRC, property investments and securities trading. The market value was reference to the closing price as quoted on the Stock Exchange on 31 December 2008.
- (v) Pacific Century Regional Developments Limited (“Pacific Century”) is listed on the Singapore Exchange Securities Trading Limited and incorporated and domiciled in Singapore. The principal activities of Pacific Century and its subsidiaries were the holding of investments and development of infrastructure and properties. Until 15 May 2007, Pacific Century’s principal activities also included the provision of a range of whole life, endowment, term life insurance and other related products in Hong Kong. This business segment was discontinued during the year ended 31 December 2007. The market value was reference to the closing price as quoted on the Singapore Exchange Securities Trading Limited on 31 December 2008.
- (vi) Universal Technology Systems Inc. (“Universal”) was incorporated in Taiwan and is listed on the Taiwan Stock Market. Universal was principally engaged in a system solutions and integrations, and in the sourcing of computer softwares and hardwares. The market value was reference to the closing price as quoted on the Taiwan Stock Market on 31 December 2008.
- (vii) Willie International Holdings Limited (“Willie”) was incorporated in Hong Kong and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 273). Willie was principally engaged in the business of property investment, investment in securities trading, investment in energy related business and acquiring, exploring and developing natural resources. The market value was reference to the closing price as quoted on the Stock Exchange on 31 December 2008.

During the financial year 2008, based solely on the Company’s register required to be maintained pursuant to section 336 of the SFO, Willie had been a substantial shareholder (as such term is defined under the Listing Rules) of the Company for the period from 29 October 2007 to 21 October 2008 and a shareholder of the Company holding 5% or more of issued share of the Company from 22 October 2008 to 22 December 2008.

- (viii) Heritage International Holdings Limited (“Heritage”) was incorporated in Bermuda and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 412). Heritage was principally engaged in property investment, investment in securities, money lending and investment holding. The market value was reference to the closing price as quoted on the Stock Exchange on 31 December 2008.

Throughout the financial year 2008, based solely on the Company’s register required to be maintained pursuant to section 336 of the SFO, Heritage had been a shareholder of the Company holding 5% or more of issued share of the Company for that financial year.

- (ix) Radford Capital Investment Limited (“Radford”) was incorporated in the Cayman Islands and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 901). Radford was principally engaged in investment in listed and unlisted securities in Hong Kong and overseas markets. The market value was reference to the closing price as quoted on the Stock Exchange on 31 December 2008.

During the financial year 2008, based solely on the Company’s register required to be maintained pursuant to section 336 of the SFO, Radford had been a shareholder of the Company holding 5% or more of issued share of the Company from 24 April 2008 to 18 December 2008.

- (x) Freeman Corporation Limited (“Freeman”) was incorporated in the Cayman Islands and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 279). Freeman was principally engaged in trading of securities, provision of finance, property holding and investment, insurance agency and brokerage business, and investment holding. The market value was reference to the closing price as quoted on the Stock Exchange on 31 December 2008.

As at 31 December 2009

Name of investee company	Number of shares held	Effective shareholding interest	Cost as at	Market value/	Unrealised	Dividend	Percentage
			31 December 2009	fair value as at 31 December 2009	holding gain (loss) arising on revaluation	received/ receivable during the year	to the Company's net asset value as at 31 December 2009
			HK\$	HK\$	HK\$	HK\$	
(i) China Public Healthcare (Holding) Limited	285,000,000	2.65%	58,895,000	60,420,000	1,525,000	-	20.38%
(ii) China Strategic Holdings Limited	96,666,666	2.61%	26,711,866	54,133,333	27,421,467	-	18.26%
(iii) GR Vietnam Holdings Limited (unlisted convertible bonds)	Not applicable	Not applicable	25,000,000	23,000,000	(2,000,000)	-	7.76%
(iv) Poly Development Holdings Limited	28,456,000	1.43%	7,825,400	21,911,120	14,085,720	-	7.39%
(v) G-Resources Group Limited	41,216,352	0.29%	32,480,857	20,196,013	(12,284,844)	-	6.81%
(vi) China Sci-Tech Holdings Limited	63,891,645	2.01%	14,920,211	15,653,453	733,242	-	5.28%
(vii) China Chief Cable TV Group Limited	28,125,000	1.50%	9,421,875	14,906,250	5,484,375	-	5.03%
(viii) LIC Opportunities Fund (Cayman) Limited	Not applicable	Not applicable	11,640,900	Not applicable	-	-	3.93%
(ix) Pacific Century Regional Developments Limited	11,000,000	0.36%	21,121,548	10,807,830	(10,313,718)	4,793,042	3.65%
(x) G-Prop (Holdings) Limited	27,000,000	1.11%	10,071,000	8,235,000	(1,836,000)	-	2.78%

Notes:

- (i) China Public Healthcare (Holding) Limited (“C Public Health”) was incorporated in the Cayman Islands and the shares of which are listed on the Growth Enterprise Market of the Stock Exchange (stock code: 8116). C Public Health was principally engaged in hospital data evaluation analytics, hospital information technology system for medical data acquisition, processing and application system, mining of mineral resources and accessories in the People’s Republic of China, radio trunking systems integration and provision of telemedia-related and other value-added telecommunication-related technical services. The market value was reference to the closing price as quoted on the Stock Exchange on 31 December 2009.
- (ii) China Strategic Holdings Limited (“China Strategic”) was incorporated in Hong Kong and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 235). China Strategic was principally engaged in manufacturing and trading of battery products and related accessories and investment in securities. The market value was reference to the closing price as quoted on the Stock Exchange on 31 December 2009.
- (iii) GR Vietnam Holdings Limited (“GR Vietnam”) was incorporated in Bermuda and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 139). GR Vietnam was principally engaged in trading and distribution of electronic products and other merchandise and securities investment and trading. The fair value of unlisted convertible bonds was the amount revalued by, Asset Appraisal Limited, an independent professional valuer on 31 December 2009.
- (iv) Poly Development Holdings Limited (“Poly Development”) was incorporated in Bermuda and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1141). Poly Development was principally engaged in supply and procurement business operations and securities investment. During the financial year of 2009, Poly Development has expanded the business scope of its supply and procurement business into commodities of fuel, metal minerals and recycled metal materials. The market value was reference to the closing price as quoted on the Stock Exchange on 31 December 2009.
- (v) G-Resources Group Limited (“G-Resources”) was incorporated in Bermuda and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1051). G-Resources was principally engaged in gold and related metals mining business. The market value was reference to the closing price as quoted on the Stock Exchange on 31 December 2009.
- (vi) China Sci-Tech Holdings Limited (“China Sci-Tech”) was incorporated in the Cayman Islands and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 985). China Sci-Tech was principally engaged in investment in financial instruments and property investment. The market value was reference to the closing price as quoted on the Stock Exchange on 31 December 2009.
- (vii) China Chief Cable TV Group Limited (“CCC TV”) was incorporated in Bermuda and the shares of which are listed on Growth Enterprise Market of the Stock Exchange (stock code: 8153). CCC TV was principally engaged in provision of premastering and other media services, audiovisual playout services in Hong Kong, development of digital TV system platform and program database, sales and rental of set-top boxes, design and manufacture digital TV equipment and facilities in PRC. The market value was reference to the closing price as quoted on the Stock Exchange on 31 December 2009.
- (viii) LIC Opportunities Fund (Cayman) Limited (“LIC Opportunities Fund”) was an open-ended fund at issue price of US\$1,000 per unit and Fortis Prime Fund Solutions (Cayman) Limited and Fortis Prime Fund Solutions (Asia) Limited is the administrator and sub-administrator of the LIC Opportunities Fund respectively. Mr. Ian Chu is the fund manger of LIC Opportunities Fund. The strategy of LIC Opportunities Fund is to achieve absolute returns through a multi-strategy approach towards investments. Investments of LIC Opportunities Fund would primarily focus in Asia-pacific equity market. The amount as at 31 December 2009 was stated at lower of cost or fair value provided by Fortis Prime Fund Solutions (Asia) Limited, the fund sub-administrator and fund custodian of LIC Opportunities Fund.
- (ix) Pacific Century Regional Developments Limited (“Pacific Century”) is listed on the Singapore Exchange Securities Trading Limited and incorporated and domiciled in Singapore. The principal activities of Pacific Century and its subsidiaries were the holding of investments and development of infrastructure and properties. The market value was reference to the closing price as quoted on the Singapore Exchange Securities Trading Limited on 31 December 2009.
- (x) G-Prop (Holdings) Limited (“G-Prop”) was incorporated in Bermuda and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 286). G-Prop was principally engaged in the business of property investments and investment and finance. The market value was reference to the closing price as quoted on the Stock Exchange on 31 December 2009.

As at 31 December 2010

Name of investee company	Number of shares held	Effective shareholding interest	Cost as at 31 December 2010	Market value/	Unrealised	Dividend	Percentage
				fair value as at 31 December 2010	holding gain (loss) arising on revaluation	received/ receivable during the year	to the Company's net asset value as at 31 December 2010
			HK\$	HK\$	HK\$	HK\$	
(i) Rising Development Holdings Limited	35,000,000	2.52%	59,500,000	62,300,000	2,800,000	-	13.14%
(ii) Oriental Ginza Holdings Limited	42,765,000	3.90%	62,408,820	62,009,250	(399,570)	-	13.08%
(iii) Chinese Estates Holdings Limited	3,665,000	0.19%	45,041,500	47,058,600	2,017,100	1,502,650	9.93%
(iv) Beijing Yu Sheng Tang Pharmaceutical Group Limited	100,000,000	3.21%	28,500,000	33,500,000	5,000,000	-	7.07%
(v) Golden Resorts Group Limited	50,000,000	0.48%	22,000,000	26,500,000	4,500,000	-	5.59%
(vi) G-Resources Group Limited	41,207,352	0.29%	30,037,405	25,136,485	(4,900,920)	-	5.30%
(vii) Fulbond Holdings Limited (unlisted convertible notes)	Not applicable	Not applicable	10,000,000	20,000,000	10,000,000	-	4.22%
(viii) China Strategic Holdings Limited	71,686,666	1.94%	19,809,151	18,996,966	(812,185)	-	4.01%
(ix) Freeman Financial Corporation Limited	54,016,818	2.13%	15,020,250	18,635,802	3,615,552	-	3.93%
(x) ICube Technology Holdings Limited (unlisted convertible bonds)	Not applicable	Not applicable	17,000,000	17,000,000	-	-	3.59%

Notes:

- (i) Rising Development Holdings Limited (“Rising Development”) was incorporated in Bermuda and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1004). Rising Development was principally engaged in investment holding and trading in securities, manufacture and sale of fur garments, trading of fur skins and business of mining natural resources. The market value was reference to the closing price as quoted on the Stock Exchange on 31 December 2010.
- (ii) Oriental Ginza Holdings Limited (“Oriental Ginza”) was incorporated in Bermuda and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 996). Oriental Ginza was principally engaged in provision of retail-related consultancy and management services and property investment business. The market value was reference to the closing price as quoted on the Stock Exchange on 31 December 2010.
- (iii) Chinese Estates Holdings Limited (“Chinese Estates”) was incorporated in Bermuda and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 127). Chinese Estates was principally engaged in property investment and development, brokerage, securities investment, money lending and cosmetics distribution and trading. The market value was reference to the closing price as quoted on the Stock Exchange on 31 December 2010.
- (iv) Beijing Yu Sheng Tang Pharmaceutical Group Limited (“BJ Yu Sheng Tang”) was incorporated in Bermuda and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1141). BJ Yu Sheng Tang was principally engaged in supply and procurement, pharmaceutical, provision of finance and securities investment. The market value was reference to the closing price as quoted on the Stock Exchange on 31 December 2010.
- (v) Golden Resorts Group Limited (“Golden Resorts”) was incorporated in Bermuda and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1031). Golden Resorts was principally engaged in operation of hotels and trading of listed securities. The market value was reference to the closing price as quoted on the Stock Exchange on 31 December 2010.

- (vi) G-Resources Group Limited (“G-Resources”) was incorporated in Bermuda and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1051). G-Resources was principally engaged in gold and related metals mining business, provision of financial information services, trading of electronic goods and accessories, and securities trading. The market value was reference to the closing price as quoted on the Stock Exchange on 31 December 2010.
- (vii) Fulbond Holdings Limited (“Fulbond”) was incorporated in Bermuda and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1041). Fulbond was principally engaged in manufacture and trading of wooden products including blockboard and particle board, door skin and other wooden products. The fair value of unlisted convertible notes was the amount revalued by, Asset Appraisal Limited, an independent professional valuer on 31 December 2010.
- (viii) China Strategic Holdings Limited (“China Strategic”) was incorporated in Hong Kong and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 235). China Strategic was principally engaged in manufacturing and trading of battery products and related accessories and investment in securities. The market value was reference to the closing price as quoted on the Stock Exchange on 31 December 2010.
- (ix) Freeman Financial Corporation Limited (“Freeman Financial”) was incorporated in the Cayman Islands and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 279). Freeman Financial was principally engaged in trading of securities, provision of finance, property holding and investment, insurance agency and brokerage business, securities brokerage, investment advisory and investment holding. The market value was reference to the closing price as quoted on the Stock Exchange on 31 December 2010.
- (x) ICube Technology Holdings Limited (“ICube Technology”) was incorporated in Bermuda and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 139). ICube Technology was principally engaged in trading and distribution of electronic products and other merchandise and securities investment and trading. The fair value of unlisted convertible bonds was the amount revalued by, Asset Appraisal Limited, an independent professional valuer on 31 December 2010.

As at the Latest Practicable Date

	Name of investee company	Number of shares held	Effective shareholding interest	Market value	Unrealised	Dividend	Percentage to the Company's net asset value as at 30 November 2011	
				Cost as at the Latest Practicable Date	as at the Latest Practicable Date	holding gain (loss) arising on revaluation		received/receivable during the period
				HK\$	HK\$	HK\$	HK\$	
(i)	Chinese Estates Holdings Limited	3,665,000	0.19%	45,041,500	45,739,200	697,700	73,300	19.58%
(ii)	Mascotte Holdings Limited	150,000,000	3.29%	60,000,000	33,900,000	(26,100,000)	-	14.51%
(iii)	China Strategic Holdings Limited	71,686,666	1.94%	19,809,151	10,824,687	(8,984,464)	-	4.63%
(iv)	Heritage International Holdings Limited	186,853,102	2.84%	47,064,586	22,235,519	(24,829,067)	-	9.52%
(v)	Forefront Group Limited	141,358,696	3.87%	16,817,587	14,559,946	(2,257,641)	-	6.23%
(vi)	Oriental Ginza Holdings Limited	32,765,000	0.75%	43,100,161	13,925,125	(29,175,036)	-	5.96%
(vii)	Rising Development Holdings Limited	35,000,000	2.53%	59,500,000	31,500,000	(28,000,000)	-	13.48%
(viii)	Rising Development Holdings Limited (unlisted convertible notes)	Not applicable	Not applicable	10,000,000	Not applicable	Not applicable	-	4.28%
(ix)	ICube Technology Holdings Limited (unlisted convertible bonds)	Not applicable	Not applicable	17,000,000	Not applicable	Not applicable	-	7.28%
(x)	Hong Kong Life Group Holdings Limited (unlisted convertible bonds)	Not applicable	Not applicable	20,000,000	Not applicable	Not applicable	-	8.56%

Notes:

- (i) Chinese Estates Holdings Limited (“Chinese Estates”) was incorporated in Bermuda and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 127). Chinese Estates is principally engaged in property investment and development, brokerage, securities investment, money lending and cosmetics distribution and trading. The market value was reference to the closing price as quoted on the Stock Exchange as at the Latest Practicable Date.
- (ii) Mascotte Holdings Limited (“Mascotte”) was incorporated in Bermuda and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 136). Mascotte is principally engaged in loan financing, trading of investments, manufacture and sale of accessories for photographic, electrical and multimedia products and property investments. The market value was reference to the closing price as quoted on the Stock Exchange as at the Latest Practicable Date.
- (iii) China Strategic Holdings Limited (“China Strategic”) was incorporated in Hong Kong and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 235). China Strategic is principally engaged in manufacture and trading of battery products and related accessories, and investment in securities. The market value was reference to the closing price as quoted on the Stock Exchange as at the Latest Practicable Date.
- (iv) Heritage International Holdings Limited (“Heritage”) was incorporated in Bermuda and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 412). Heritage is principally engaged in property investment, investments in securities, money lending and investment holding. The market value was reference to the closing price as quoted on the Stock Exchange as at the Latest Practicable Date.
- (v) Forefront Group Limited (“Forefront”) was incorporated in the Cayman Islands and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 885). Forefront is principally engaged in selling and distributing of motor vehicles, provision of heavy motor vehicles repair and maintenance services, provision of logistic services, investment in forest interest, properties investments, securities trading and money lending. The market value was reference to the closing price as quoted on the Stock Exchange as at the Latest Practicable Date.
- (vi) Oriental Ginza Holdings Limited (“Oriental Ginza”) was incorporated in Bermuda and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 996). Oriental Ginza is principally engaged in provision of retail-related consultancy and management services and property investment business. The market value was reference to the closing price as quoted on the Stock Exchange as at the Latest Practicable Date.
- (vii) Rising Development Holdings Limited (“Rising Development”) was incorporated in Bermuda and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1004). Rising Development is principally engaged in investment holding and trading in securities, manufacture and sale of fur garments, trading of fur skins and business of mining natural resources. The market value of the listed securities was reference to the closing price as quoted on the Stock Exchange as at the Latest Practicable Date. The unlisted convertible notes was acquired during the year of 2011 and stated at the acquisition cost.
- (ix) ICube Technology Holdings Limited (“ICube Technology”) was incorporated in Bermuda and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 139). ICube Technology is principally engaged in marketing and sales of self-developed semiconductor processing chips and core architecture of China’s mobile device market, trading and distribution of electronic products and other merchandise and securities investment and trading. The unlisted convertible bonds was stated at the fair value revalued by, Asset Appraisal Limited, an independent professional valuer for the financial year ended 31 December 2010.
- (x) Hong Kong Life Group Holdings Limited (“HK Life Group”) was incorporated in the Cayman Islands and the shares of which are listed on the Growth Enterprise Market of the Stock Exchange (stock code: 8212). HK Life Group is principally engaged in trading of edible oil and mineral materials, provision of shrine for memorial ancestor and paper-offering business. The unlisted convertible bonds was acquired during the year of 2011 and stated at the acquisition cost.

As at the Latest Practicable Date:

- (a) Mr. KITCHELL Osman Bin was interested in 500 shares in Chinese Estates Holdings Limited (stock code: 127), 1,860,000 shares in Mascotte Holdings Limited (stock code: 136), 1,300,000 shares in Heritage International Holdings Limited (stock code: 412) 2,200,000 shares in Forefront Group Limited (stock code: 885) and 50,000,000 shares in Oriental Ginza Holdings Limited (stock code: 996); Ms. CHOI Ka Wing was interested in 500 shares in Chinese Estates Holdings Limited (stock code: 127), 9,260,000 shares in Mascotte Holdings Limited (stock code: 136), 21,401,000 shares in Heritage International Holdings Limited (stock code: 412), 2,410,000 shares in Forefront Group Limited (stock code: 885) and 1,084,000 shares in Oriental Ginza Holdings Limited (stock code: 996); and Ms. DAVIS Angela Hendricks was interested in 400,000 shares in Mascotte Holdings Limited (stock code: 136). Save as disclosed, as at the Latest Practicable Date, none of the Directors held any shares in any investee company whose securities constituted the top ten investments held by the Group as at the Latest Practicable Date.
- (b) Ms. SWARTZ Kristi Lynn, being an independent non-executive Director appointed for the period from 1 November 2007 to 29 December 2009, had also been an independent non-executive director of Forefront Group Limited (stock code: 885) for the period from 20 July 2007 to 29 December 2009; Mascotte Holdings Limited (stock code: 136) for the period from 12 November 2007 to 29 December 2009; and Tack Fat Group International Limited (stock code: 928) for the period from 13 August 2008 to 12 September 2008. Save as Ms. SWARTZ Kristi Lynn, none of the Directors is or has been director of any investee companies of which were one of the top-ten securities bought/held for the three financial years ended 31 December 2010 and up to the Latest Practicable Date and/or substantial Shareholders.
- (c) As at the Latest Practicable Date:
- (1) based on the register maintained by the Company under the SFO, none of the investee companies comprising the top ten investments of the Company as at the Latest Practicable Date (“**Top 10 Investee Companies LPD**”) made any notification in relation to their interests in the Shares of the Company. Based solely on this, the Top 10 Investee Companies LPD did not hold more than 5% of the Shares of the Company.
 - (2) based on public information, there were no common directorships between the Company and each of the Top 10 Investee Companies LPD.
 - (3) so far as the Directors are aware having made all reasonable enquires, save and except that the Company has borrowed an unsecured short term loan in the principal amount of HK\$50 million from a subsidiary of Heritage International Holdings Limited, bearing interest at prime rate quoted by HSBC per annum and payable in 3 months, there was no other relationship between the Company and each of the Top 10 Investee Companies LPD.

- (iii) Set out below are the top ten loss-making investments of the Group for each of the three financial years ended 31 December 2008, 2009 and 2010, and for the period from 1 January 2011 to 30 November 2011, being the date to which the Company's latest available management accounts have been made up to, respectively:

For the financial year ended 31 December 2008

Stock code	Stock name	Unrealised loss <i>HK\$ million</i> <i>(approximate)</i>	Realised loss <i>HK\$ million</i> <i>(approximate)</i>	Total loss <i>HK\$ million</i> <i>(approximate)</i>
136	Mascotte Holdings Limited <i>(Note 1)</i>	–	55.82	55.82
263	China Yunnan Tin Minerals Group Co Limited	–	26.76	26.76
273	Willie International Holdings Limited <i>(Note 2)</i>	21.91	–	21.91
279	Freeman Corporation Limited	2.93	58.03	60.96
412	Heritage International Holdings Limited <i>(Note 3)</i>	36.07	42.69	78.76
571	eSun Holdings Limited	47.16	–	47.16
885	Forefront Group Limited	34.31	10.71	45.02
901	Radford Capital Investment Limited <i>(Note 4)</i>	16.51	7.59	24.10
1141	Poly Development Holdings Limited	19.12	–	19.12
P15	Pacific Century Regional Developments Limited	11.41	–	11.41

Notes:

- During the financial year 2008, based solely on the Company's register required to be maintained pursuant to section 336 of the SFO, Mascotte Holdings Limited had been a shareholder of the Company holding 5% or more of issued share/underlying share of the Company since 8 October 2008 for that financial year.
- During the financial year 2008, based solely on the Company's register required to be maintained pursuant to section 336 of the SFO, Willie International Holdings Limited had been a substantial shareholder (as such term defined under the Listing Rules) of the Company for the period from 29 October 2007 to 21 October 2008 and a shareholder of the Company holding 5% or more of issued share of the Company from 22 October 2008 to 22 December 2008.
- Throughout the financial year 2008, based solely on the Company's register required to be maintained pursuant to section 336 of the SFO, Heritage International Holdings Limited had been a shareholder of the Company holding 5% or more of issued share of the Company for that financial year.
- During the financial year 2008, based solely on the Company's register required to be maintained pursuant to section 336 of the SFO, Radford Capital Investment Limited had been a shareholder of the Company holding 5% or more of issued share of the Company from 24 April 2008 to 18 December 2008.

For the financial year ended 31 December 2009

Stock code	Stock name	Unrealised loss <i>HK\$ million</i> <i>(approximate)</i>	Realised loss <i>HK\$ million</i> <i>(approximate)</i>	Total loss <i>HK\$ million</i> <i>(approximate)</i>
64	Get Nice Holdings Limited	–	2.15	2.15
279	Freeman Corporation Limited	0.02	4.69	4.71
286	G-Prop (Holdings) Limited	1.84	–	1.84
412	Heritage International Holdings Limited (<i>Note 1</i>)	1.17	11.43	12.60
571	eSun Holdings Limited	3.01	39.07	42.08
885	Forefront Group Limited	2.11	45.87	47.98
886	Silver Base Group Holdings Limited	–	0.21	0.21
901	Radford Capital Investment Limited	–	18.42	18.42
1051	G-Resources Group Limited	12.28	5.30	17.58
1224	C C Land Holdings Limited	–	3.78	3.78

Note:

- Throughout the financial year 2009, based solely on the Company's register required to be maintained pursuant to section 336 of the SFO, Heritage International Holdings Limited had been a shareholder of the Company holding 5% or more of issued share of the Company for that financial year. For the period from 7 April 2009 to 2 December 2009, Heritage International Holdings Limited was a substantial shareholder (as such term is defined under the Listing Rules) of the Company.

For the financial year ended 31 December 2010

Stock code	Stock name	Unrealised loss <i>HK\$ million</i> <i>(approximate)</i>	Realised loss <i>HK\$ million</i> <i>(approximate)</i>	Total loss <i>HK\$ million</i> <i>(approximate)</i>
263	China Yunnan Tin Minerals Group Co Limited	4.85	–	4.85
273	Willie International Holdings Limited	1.75	4.08	5.83
329	Dragonite International Limited	–	5.57	5.57
692	Bao Yuan Holdings Limited	0.42	3.75	4.17
885	Forefront Group Limited	3.57	10.61	14.18
901	Radford Capital Investment Limited	0.34	5.36	5.70
985	CST Mining Group Limited	–	8.45	8.45
1051	G-Resources Group Limited	4.90	2.19	7.09
8116	China Public Healthcare (Holding) Limited	–	23.21	23.21
–	LIC Opportunities Fund (Cayman) Limited	8.53	–	8.53

For the period from 1 January 2011 to 30 November 2011

Stock code	Stock name	Unrealised loss <i>HK\$ million</i> <i>(approximate)</i>	Realised loss <i>HK\$ million</i> <i>(approximate)</i>	Total loss <i>HK\$ million</i> <i>(approximate)</i>
136	Mascotte Holdings Limited	17.25	–	17.25
209	China Tycoon Beverage (Holdings) Limited	–	8.89	8.89
235	China Strategic Holdings Limited	8.27	–	8.27
273	Willie International Holdings Limited	–	18.06	18.06
329	Dragonite International Limited	–	8.31	8.31
412	Heritage International Holdings Limited	11.48	1.32	12.80
928	Tack Fiori International Group Limited	7.88	–	7.88
996	Oriental Ginza Holdings Limited	9.67	4.80	14.47
1004	Rising Development Holdings Limited	25.90	–	25.90
1141	Beijing Yu Sheng Tang Pharmaceutical Group Limited	–	19.02	19.02

C. FINANCIAL SUMMARY OF THE COMPANY (2003-2010)

Set out below are the (loss) profit attributable to Shareholders and net assets of the Group for the eight years ended 31 December 2010 as extracted from annual report from 2003 to 2010 of the Company.

	2010 <i>HK\$</i>	2009 <i>HK\$</i>	2008 <i>HK\$</i>	2007 <i>HK\$</i>	2006 <i>HK\$</i>	2005 <i>HK\$</i>	2004 <i>HK\$</i>	2003 <i>HK\$</i>
(Loss) Profit attributable to equity holders of the Company	(64,961,714)	(100,618,027)	(458,429,088)	(98,995,641)	12,204,259	(44,513,118)	(16,810,024)	(25,433,132)
Net asset value	473,981,496	296,515,394	153,450,852	416,800,936	212,261,266	136,408,333	106,914,474	97,777,597

The Company has taken all necessary measures to work towards achieving an improvement in its financial results, as indicated in the decrease in the loss attributable to shareholders of the Company in the past three financial years (2008: HK\$458 million, 2009: HK\$101 million, and 2010: HK\$65 million approximately). The Company notes that its net loss as indicated in its interim results for the six months ended 30 June 2011 has increased, but believes this is inevitable given that the Company's sole business is investment in securities and the worldwide stock market has been volatile this year. Nevertheless it will continue to closely monitor the global economic market and continue to conduct its business of investment in securities as it has done in the past and consider the advice of CUIM given from time to time with an aim to improving the investment returns in the future. No specific or particular measures are proposed to be taken by the Company to improve its business other than those in its ordinary and usual course of business to operate its business.

D. FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST THREE YEARS

Date of announcement	Fund raising activities	Net proceeds raised/ to be raised (approximate)	Proposed use of the net proceeds	Actual use of the net proceeds
2 February 2009	Rights issue of 512,155,110 rights shares on the basis of one rights share for every share held by qualifying Shareholders which was completed on 6 April 2009	HK\$48.2 million	For general working capital of the Group	Used as intended (Note 1)
12 June 2009	Placing of 239,000,000 new shares which was completed on 22 June 2009	HK\$23.3 million	For general working capital of the Group	Used as intended (Note 2)
7 September 2009	Placing of 100,000,000 new shares on a fully underwritten basis which was completed on 19 February 2010	HK\$36.1 million	For general working capital of the Group and for future investment purposes	Used as intended (Note 3)
7 September 2009	Placing of 200,000,000 new shares on a best effort basis which was terminated on 8 December 2009	HK\$73.76 million	For general working capital of the Group and for future investment purposes	This placing was terminated as disclosed in the Company's announcement dated 8 December 2009

Date of announcement	Fund raising activities	Net proceeds raised/ to be raised <i>(approximate)</i>	Proposed use of the net proceeds	Actual use of the net proceeds
5 January 2010	Placing of 28,770,000 new shares on a fully underwritten basis which was completed on 14 January 2010	HK\$10.6 million	For future investments pursuant to the investment objectives of the Company	Used as intended <i>(Note 4)</i>
4 March 2010	Rights issue of 569,279,762 rights shares on the basis of two rights shares for every share held by qualifying Shareholders which was completed on 18 May 2010	HK\$81.55 million	For future investments pursuant to the investment objectives of the Company	Used as intended <i>(Note 5)</i>
27 July 2010	Rights issue of 375,723,856 rights shares on the basis of eight rights shares for every adjusted share held by qualifying Shareholders on 1 December 2010 which was completed on 23 December 2010	HK\$129.57 million	For future investments pursuant to the investment objectives of the Company	Used as intended <i>(Note 6)</i>
29 March 2011	Subscription of 8,500,000 new Shares which was completed on 11 April 2011	HK\$2.49 million	For general working capital of the Group	Used as intended

Date of announcement	Fund raising activities	Net proceeds raised/ to be raised <i>(approximate)</i>	Proposed use of the net proceeds	Actual use of the net proceeds
11 October 2011	Proposed rights issue on the basis of two rights shares for every Share in issue and held on the record date, the proposal will be put forward for Shareholders' approval at an extraordinary general meeting of the Company on 20 January 2012	Estimated to raise net proceeds of approximately HK\$81.15 million to approximately HK\$106.25 million	For future investments pursuant to the investment objectives of the Company and for general working capital of the Group	Not yet completed

Notes:

- The net proceeds of (i) approximately HK\$36.8 million had been used for investments in Hong Kong listed securities in properties and construction – properties sector; (ii) approximately HK\$3.5 million had been used for investments in Hong Kong listed securities in information technology – software and services sector; (iii) approximately HK\$2.1 million had been used for investments in Hong Kong listed securities in financial – other financials sector; (iv) approximately HK\$3.3 million had been used for investments in Hong Kong listed securities in consumer goods – household goods and electronics sector; (v) approximately HK\$0.7 million had been used for investments in Hong Kong listed securities in industrial goods sector; and (vi) the remaining balance of approximately HK\$1.8 million had been used for general working capital.
- The net proceeds of approximately HK\$23.3 million had been fully used for investments in Hong Kong listed securities in information technology – software and services sector.
- The net proceeds of (i) approximately HK\$13 million had been used for investments in Hong Kong listed securities in financial – other financials sector; (ii) approximately HK\$14.3 million had been used for investments in Hong Kong listed securities in consumer goods – household goods and electronics sector; (iii) approximately HK\$4.8 million had been used for investments in Hong Kong listed securities in industrial goods sector; (iv) approximately HK\$0.9 million had been used for investments in Hong Kong listed securities in services – service support sector; (v) approximately HK\$2.2 million had been used for investments in Hong Kong listed securities in materials – basic material sector; and (vi) the remaining balance of approximately HK\$0.9 million had been used for general working capital.
- The net proceeds of approximately HK\$10.6 million had been fully used for investments in Hong Kong listed securities in financial – banks sector.
- The net proceeds of (i) approximately HK\$55.98 million had been used for investments in Hong Kong listed securities in financial – banks sector; (ii) approximately HK\$25 million had been used for investments in Hong Kong listed securities in properties and construction- properties sector; and (iii) approximately HK\$0.57 million for investments in Hong Kong listed securities in financial – other financials sector.
- The net proceeds of (i) approximately HK\$67 million had been used for investments in Hong Kong listed securities in properties and construction – properties sector; (ii) approximately HK\$59.71 million had been used for investments in Hong Kong listed securities in financial – other financials sector; (iii) approximately HK\$0.89 million had been used for investments in Hong Kong listed securities in consumer goods – health and personal care sector; and (iv) approximately HK\$1.97 million had been used for investments in Hong Kong listed securities in consumer goods – household goods and electronics sector.

At the request of the Stock Exchange, in addition to disclosure of actual use of net proceeds by way of industry sector analysis as set out above, a further breakdown of net proceeds from fund raising activities in the past three years used for investments (other than for general working capital of the Group) is set out below:

For year 2009

Date of announcement	Stock code	Name of investee company	Amounts invested <i>HK\$ million (approximate)</i>	Reason for making investment
2 February 2009	136	Mascotte Holdings Limited ("Mascotte")	3.3	Medium to long term capital appreciation – Mascotte engaged in license agreement to have a new revenue channels within its core business of photographic, electrical and multi-media accessories products
	885	Forefront Group Limited ("Forefront")	0.7	Medium to long term capital appreciation – Forefront engaged in new exploration in carbon fiber business
	985	China Sci-Tech Holdings Limited ("China Sci-Tech")	2.1	Medium to long term capital appreciation – China Sci-Tech had steady cash position of approximately HK\$1,490 million and net asset value of approximately HK\$2,070 million as at 30 September 2008
	1051	Smart Rich Energy Finance (Holdings) Limited ("Smart Rich")	3.5	Short term capital appreciation – Smart Rich engaged in new business exploration in energy and natural resources sectors
12 June 2009	1387	Renhe Commercial Holdings Co Limited ("Renhe Commercial")	36.8	Medium to long term capital appreciation – Renhe Commercial had competitive shopping centre development in PRC
	1051	Smart Rich Energy Finance (Holdings) Limited	23.3	Short term capital appreciation – Smart Rich engaged in new business exploration in energy and natural resources sectors

Date of announcement	Stock code	Name of investee company	Amounts invested <i>HK\$ million</i> <i>(approximate)</i>	Reason for making investment
7 September 2009	136	Mascotte Holdings Limited	14.3	Medium to long term capital appreciation – Mascotte engaged in new business exploration in natural resources investment in addition to the existing products development
	273	Willie International Holdings Limited (“Willie”)	8.3	Medium to long term capital appreciation – Willie recorded a positive turnover of approximately HK\$92 million and net profit of approximately HK\$136 million for the interim period ended 30 June 2009
	412	Heritage International Holdings Limited (“Heritage”)	1.2	Short term capital appreciation – Heritage recorded a positive turnover of approximately HK\$46 million and net profit of approximately HK\$115 million for the interim period ended 30 September 2009
	885	Forefront Group Limited	4.8	Short term capital appreciation – Forefront recorded positive turnover of approximately HK\$16 million and net profit of approximately HK\$122 million for the interim period ended 30 June 2009 and had zero gearing ratio and strong net asset value of approximately HK\$502 million as at 30 June 2009
	901	Radford Capital Investment Limited (“Radford”)	3.5	Short term capital appreciation – Radford recorded positive turnover of approximately HK\$2.6 million and net profit of approximately HK\$24 million for the interim period ended 30 June 2009
	1041	Fulbond Holdings Limited (“Fulbond”)	2.2	Short term capital appreciation – Fulbond recorded an increase in gross profit to approximately US\$2.8 million for the interim period 30 June 2009

Date of announcement	Stock code	Name of investee company	Amounts invested <i>HK\$ million</i> <i>(approximate)</i>	Reason for making investment
	1141	Poly Development Holdings Limited ("Poly Development")	0.9	Medium to long term capital appreciation – Poly Development recorded gross profit of approximately HK\$9 million for the interim period ended 30 September 2009 and strong cash position of approximately HK\$181 million and net asset value of approximately HK\$370 million as at 30 September 2009

For year 2010

Date of announcement	Stock code	Name of investee company	Amounts invested <i>HK\$ million</i> <i>(approximate)</i>	Reason for making investment	Latest financial summary of the investee company at time of investment
5 January 2010	939	China Construction Bank Corporation ("CCB")	6.8	Short term capital appreciation – CCB is one of the big four banks in PRC with steady net profit of approximately RMB86,162 million for nine months period ended 30 September 2009	Nine months period ended 30 September 2009 (3rd quarter financial summary) Net income: RMB198,428 million Net profit: RMB86,162 million Net asset value: RMB537,025 million
	3988	Bank of China Limited ("BOC")	3.8	Short term capital appreciation – BOC is one of the big four banks in PRC with steady profit of approximately RMB65,253 million for the nine months period ended 30 September 2009	Nine months period ended 30 September 2009 (3rd quarter financial summary) Net income: RMB168,760 million Net profit: RMB65,253 million Net asset value: RMB520,493 million
4 March 2010	5	HSBC Holdings plc ("HSBC")	55.98	Short term capital appreciation – HSBC is one of largest worldwide commercial bank with steady net profit of approximately US\$6,694 million for the year ended 31 December 2009	Year ended 31 December 2009 Net operating income: US\$78,631 million Net profit: US\$6,694 million Net asset value: US\$135,661 million

Date of announcement	Stock code	Name of investee company	Amounts invested <i>HK\$ million</i> <i>(approximate)</i>	Reason for making investment	Latest financial summary of the investee company at time of investment
	127	Chinese Estates Holdings Limited ("Chinese Estates")	25	Medium to long term capital appreciation – Chinese Estates recorded a gross profit and net profit after tax of approximately HK\$931 million and 8,672 million with sustainable growth in investment properties for the year ended 31 December 2009 and strong net asset value of approximately HK\$39,432 million	Year ended 31 December 2009 Revenue: HK\$2,151 million Net profit: HK\$8,672 million Net asset value: HK\$39,432 million
	412	Heritage International Holdings Limited	0.57	Short term capital appreciation – Heritage recorded a positive turnover of approximately HK\$46 million and net profit of approximately HK\$115 million for the interim period ended 30 September 2009	Six months interim period ended 30 September 2009 Revenue: HK\$46 million Net profit: HK\$115 million Net asset value: HK\$1,042 million
27 July 2010	136	Mascotte Holdings Limited	1.97	Medium to long term capital appreciation – Mascotte planned to explore a new business through possible acquisition of innovative technology company	Six months interim period ended 30 September 2010 Revenue: HK\$76 million Net loss: HK\$107 million Net asset value: HK\$662 million
	329	Dragonite International Limited ("Dragonite")	0.89	Short term capital appreciation – Dragonite owns both the original patents for electronic cigarette and the RUYAN brand product around the world	Six months interim period ended 30 June 2010 Revenue: HK\$15 million Net loss: HK\$135 million Net asset value: HK\$166 million
	996	Oriental Ginza Holdings Limited ("Oriental Ginza")	52.8	Medium to long term capital appreciation – Oriental Ginza recorded positive turnover of approximately HK\$196 million and net profit of HK\$35 million for the interim period ended 30 June 2010 and continue to explore and identify good property investment in PRC	Six months interim period ended 30 June 2010 Revenue: HK\$196 million Net profit: HK\$35 million Net asset value: HK\$1,609 million

Date of announcement	Stock code	Name of investee company	Amounts invested <i>HK\$ million</i> <i>(approximate)</i>	Reason for making investment	Latest financial summary of the investee company at time of investment
	1004	Rising Development Holdings Limited ("Rising Development")	59.71	Medium to long term capital appreciation – Rising Development engaged in vanadium mining business and aimed to commence initial extraction and continued to develop its brand "Lecothia" in the Group's retail shop in Paris. Rising Development recorded zero gearing ratio with steady net asset value of HK\$1,233 million as at 30 September 2010	Six months interim period ended 30 September 2010 Revenue: HK\$87 million Net loss: HK\$79 million Net asset value: HK\$1,233 million
	1224	C C Land Holdings Limited ("C C Land")	14.2	Medium to long term capital appreciation – C C Land recorded a gross profit of approximately HK\$114 million and net profit of approximately HK\$60 million for the interim period ended 30 June 2010 and C C Land continue to focus its property business in Chongqing and Chengdu with strong economic growth	Six months interim period ended 30 June 2010 Revenue: HK\$679 million Net profit: HK\$60 million Net asset value: HK\$12,648 million

The Company made the above mentioned investments by reference to the factors such as performance of the relevant stock, market condition and availability of resources to the Company, investment advice from CUIM with an aim to maintain a balanced portfolio with investments in different industry sectors. The use of funds from fund raising activities in the past three years as indicated in this section does not include the use of proceeds from any subsequent disposal of the securities acquired as indicated above.

Save as abovementioned, the Company had not conducted any other fund raising activities in the past three years immediately preceding the Latest Practicable Date.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

A. Directors' interests

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

Long positions in the Shares

Name of Director	Capacity	Number of Shares	Approximate percentage of shareholding
CHOI Ka Wing	Beneficial owner	1,253,250	0.29% <i>(Note)</i>

Note:

The percentage of shareholding in the Company is calculated on the basis of 431,189,338 Shares in issue as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to the Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

B. Substantial Shareholders' interests

As at the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares 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, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

Long positions in the Shares

Name of Shareholders	Capacity	Number of Shares/ underlying Shares	Approximate percentage of shareholding
Freeman Financial Corporation Limited	Interest of controlled corporation	45,354,000 <i>(Note 1)</i>	10.52%
		1,121,092,276 <i>(Note 2)</i>	66.67% <i>(Note 3)</i>
Asia Hunter Global Limited	Interest of controlled corporation	45,354,000 <i>(Note 1)</i>	10.52%
Smart Jump Corporation	Beneficial owner	45,354,000 <i>(Note 1)</i>	10.52%
Freeman Financial Investment Corporation	Interest of controlled corporation	1,121,092,276 <i>(Note 2)</i>	66.67% <i>(Note 3)</i>
Ambition Union Limited	Interest of controlled corporation	1,121,092,276 <i>(Note 2)</i>	66.67% <i>(Note 3)</i>
Freeman United Investments Limited	Interest of controlled corporation	1,121,092,276 <i>(Note 2)</i>	66.67% <i>(Note 3)</i>
Dynastic Union Limited	Interest of controlled corporation	1,121,092,276 <i>(Note 2)</i>	66.67% <i>(Note 3)</i>
Freeman Securities Limited	Beneficial owner	1,121,092,276 <i>(Note 2)</i>	66.67% <i>(Note 3)</i>

Notes:

1. Based on the filings under the SFO, these Shares are held by Smart Jump Corporation, which is wholly-owned by Asia Hunter Global Limited, which is in turn wholly-owned by Freeman Financial Corporation Limited ("Freeman").
2. These are the rights shares to the maximum extent which Freeman Securities Limited has underwritten in respect of the proposed rights issue as referring to the Company's announcement and circular dated 11 October 2011 and 4 January 2012 respectively (the "Rights Issue"). As Freeman Securities Limited is a subsidiary of Freeman, Freeman is deemed to be interested in these rights shares under the SFO.
3. The percentage of shareholding in the Company is calculated on the basis of 1,681,638,414 Shares in issue immediately after completion of the Rights Issue (assuming issue of rights shares at the maximum extent).

Save as disclosed above, as at the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company, no person (other than a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares 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, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or any options in respect of such capital.

C. Competing interests of Directors and associates

As at the Latest Practicable Date, none of the Directors or their respective associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

D. Directors' service contracts

As at the Latest Practicable Date, none of the Directors has entered into any service contracts with any members of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

E. Interests in assets of the Group

As at the Latest Practicable Date, none of the Directors or Vinco Capital had any direct or indirect interests in any assets which have been acquired or disposed of by, or leased to, or which are proposed to be acquired or disposed of by or leased to, any member of the Group since 31 December 2010 (being the date to which the latest published audited consolidated financial statements of the Company were made up).

F. Interests in contracts

As at the Latest Practicable Date, none of the Directors was materially interested in any contracts or arrangements entered into by any member of the Group and subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group.

G. Qualifications of expert and consent

- (i) The following are the qualifications of the expert which has given an opinion or advice contained in this circular.

Name	Qualifications
Grand Vinco Capital Limited	a licensed corporation for Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

- (ii) Vinco Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of references to its name and its letter in the form and context in which it appears.
- (iii) As at the Latest Practicable Date, Vinco Capital did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

H. Material adverse change

The Directors are not aware as at the Latest Practicable Date of any material adverse change in the financial or trading position of the Group since 31 December 2010, the date to which the latest published audited financial statements of the Company were made up.

I. Documents available for inspection

A copy of the following document is available for inspection at the office of the Company at Room 2206, 22nd Floor, China United Centre, 28 Marble Road, North Point, Hong Kong during normal business hours on any weekday (except Saturdays and public holidays) for a period commencing on the date of this circular up to the date of EGM:

- (i) the Master Transactions Agreement;
- (ii) the IM Master Transactions Agreement; and
- (iii) the Investment Management Agreement.

J. General

The English version of this circular shall prevail over the Chinese text.

NOTICE OF EXTRAORDINARY GENERAL MEETING



Unity Investments Holdings Limited

合一投資控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 913)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Unity Investments Holdings Limited (合一投資控股有限公司) (the “**Company**”) will be held at 30th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong on Thursday, 2 February 2012 at 9:00 a.m. for the purpose of considering and, if thought fit, passing the following ordinary resolutions:

ORDINARY RESOLUTIONS

1. “**THAT:**

- (A) the entering of an agreement dated 6 January 2012, (the “**IM Master Transactions Agreement**”), between the Company (for itself and on behalf of its subsidiaries together the “**Group**”) and Hennabun Capital Group Limited (for itself and on behalf of its subsidiaries together the “**HCG Group**”) pursuant to which the HCG Group agreed to provide investment management services to the Group until 31 December 2014 on the terms set out therein (a copy of the IM Master Transactions Agreement has been produced to this meeting marked “**A**” and initialled by the chairman of the meeting for identification purpose), and the transactions contemplated under the IM Master Transactions Agreement, be and is hereby approved, ratified and confirmed; and
- (B) the directors of the Company (the “**Directors**”) be and are hereby authorised to implement all the transactions referred to in the IM Master Transactions Agreement and to do all such acts and things and sign all such documents, agreements or deeds on behalf of the Company as they shall in their absolute discretion consider necessary or desirable to give effect to the IM Master Transactions Agreement and the arrangements contemplated thereunder. ”

2. “**THAT** conditional upon resolution numbered 1 above being passed, the annual cap for each of the three years ending 31 December 2012, 2013 and 2014 in respect of the investment management services as set out in the IM Master Transactions Agreement be and are hereby approved.”

By order of the Board
Unity Investments Holdings Limited
合一投資控股有限公司
KITCHELL Osman Bin
Executive Director

Hong Kong, 11 January 2012

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

- (1) A form of proxy to be used for the meeting is enclosed.
- (2) Any member of the Company entitled to attend and vote at the meeting shall be entitled to appoint another person (who must be an individual) as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the meeting. On a poll votes may be given either personally or by proxy. A proxy need not be a member of the Company. A member may appoint any number of proxies to attend in his stead at any one general meeting. In the case of a recognised clearing house, it may authorise such person(s) as it thinks fit to act as its representative(s) at the meeting and vote in its stead.
- (3) The instrument appointing a proxy must be in writing under the hand of the appointor or of his attorney authorised in writing, or if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person duly authorised to sign the same.
- (4) The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority must be delivered at the Company's share registrar and transfer office in Hong Kong, **Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong** not less than 48 hours before the time appointed for holding the meeting or any adjourned meeting at which the person named in such instrument proposes to vote. Delivery of any instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting, or poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
- (5) Where there are joint registered holders of any share, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register in respect of the relevant joint holding.

As at the date of this notice, the board of the Company comprises the following Directors:

Executive Directors:

Mr. KITCHELL Osman Bin
(*Chairman and Chief Executive Officer*)
Mr. CHAN Yin, David (*Vice Chairman*)
Ms. DAVIS Angela Hendricks
Ms. CHOI Ka Wing

Independent non-executive Directors:

Mr. CHUNG Kong Fei, Stephen
Mr. TSANG Wing Ki
Mr. NGAI Wai Kin