THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your securities in Radford Capital Investment Limited 萊福資本投資有限公司 (the "**Company**"), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

This circular is not an offer of, nor is it intended to invite offers for, securities of the Company.

RADFORD CAPITAL INVESTMENT LIMITED
萊 福 資 本 投 資 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 901)

(I) PROPOSED RIGHTS ISSUE ON THE BASIS OF FOUR RIGHTS SHARES FOR EVERY SHARE HELD ON THE RECORD DATE WITH BONUS WARRANTS ON THE BASIS OF ONE BONUS WARRANT FOR EVERY FOUR RIGHTS SHARES TAKEN UP; (II) CONNECTED TRANSACTION; (III) PROPOSED CAPITAL REORGANISATION; AND (IV) NOTICE OF EXTRAORDINARY GENERAL MEETING

Underwriter of the Rights Issue

民豐證券
FREEMAN SECURITIES

Freeman Securities Limited

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

VINCO 域高

Grand Vinco Capital Limited

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

It should be noted that the Shares will be dealt in on an ex-rights basis from Wednesday, 15 February 2012. Dealings in the Rights Shares in the nil-paid form will take place from Tuesday, 28 February 2012 to Tuesday, 6 March 2012 (both days inclusive). If the conditions of the Rights Issue are not fulfilled or the Underwriting Agreement is terminated by the Underwriter, the Rights Issue will not proceed. Any persons dealing in the nil-paid Rights Shares during the period from Tuesday, 28 February 2012 to Tuesday, 6 March 2012 (both days inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

A letter of advice from Vinco Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 70 to 138 of this circular and a letter of recommendation from the Independent Board Committee to the Independent Shareholders is set out on page 69 of this circular.

A notice convening an extraordinary general meeting of the Company to be held at 30th Floor, China United Center, 28 Marble Road, North Point, Hong Kong at 9:00 a.m. on Monday, 13 February 2012 is set out on pages 211 to 215 of this circular. Whether or not you are able to attend the meeting in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of the Company in Hong Kong, as soon as possible and in any event not later than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

It should be noted that the Underwriting Agreement in respect of the Rights Issue contains provisions entitling the Underwriter by notice in writing to the Company at any time prior to 6:00 p.m. on the Settlement Date to terminate the obligations of the Underwriter thereunder on the occurrence of certain events including force majeure. These events are set out under the section headed "Termination of the Underwriting Agreement" on page 31 of this circular. If the Underwriter terminates the Underwriting Agreement in accordance with the terms thereof, the Rights Issue will not proceed. In addition, the Rights Issue is conditional on all conditions set out on pages 28 to 29 of this circular being fulfilled (as applicable). In the event that such conditions have not been satisfied (on or before 4:00 p.m. on 31 March 2012), all liabilities of the parties to the Underwriting Agreement shall cease and determine and no party shall have any claim against the other party save for any antecedent breach of the Underwriting Agreement and the Rights Issue will not proceed.

20 January 2012

CONTENTS

Page

Expected timetable		1
Definitions		5
Letter from the Board		14
Letter from the Independent Board Committee		69
Letter from Vinco Capital		70
Appendix I	**– Financial Information of the Group**	139
Appendix II	**– Unaudited Pro Forma Financial Information of the Group**	146
Appendix III	**– Summary of the terms of the Bonus Warrants**	150
Appendix IV	**– Additional Disclosures**	162
Appendix V	**– General Information**	197
Notice of Extraordinary General Meeting		211

EXPECTED TIMETABLE

EXPECTED TIMETABLE FOR THE RIGHTS ISSUE AND THE BONUS WARRANT ISSUE

The expected timetable for the Rights Issue and the Bonus Warrant Issue is set out below:

	(Hong Kong time)
Dispatch of circular to the Shareholders with notice of the EGM	Friday, 20 January 2012
Latest time for lodging proxy form for the EGM	9:00 a.m. Saturday, 11 February 2012
Expected date of the EGM	9:00 a.m. Monday, 13 February 2012
Announcement of the results of the EGM	Monday, 13 February 2012
Last day of dealings in the Shares on a cum-entitlement to the nil-paid Rights Shares and the Bonus Warrants basis	Tuesday, 14 February 2012
Commencement of dealings in the Shares on an ex-entitlement to the nil-paid Rights Shares and the Bonus Warrants basis	Wednesday, 15 February 2012
Latest time for lodging transfer of the Shares in order to be qualified for the Rights Issue and the Bonus Warrant Issue	4:30 p.m. Thursday, 16 February 2012
Register of members of the Company closes	Friday, 17 February 2012 to Thursday, 23 February 2012 (both days inclusive)
Record Date	Thursday, 23 February 2012
Register of members of the Company re-opens	Friday, 24 February 2012

EXPECTED TIMETABLE

(Hong Kong time)

Posting Date	Friday, 24 February 2012
First day of dealings in nil-paid Rights Shares	Tuesday, 28 February 2012
Latest time for splitting nil-paid Rights Shares	4:30 p.m. Thursday, 1 March 2012
Last day of dealings in nil-paid Rights Shares	Tuesday, 6 March 2012
Latest time for acceptance of, and payment for, the Rights Shares and application for excess Rights Shares	4:00 p.m. Friday, 9 March 2012
Rights Issue expected to become unconditional	6:00 p.m. Tuesday, 13 March 2012
Announcement of results of the Rights Issue	Wednesday, 14 March 2012
Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares expected to be posted.	Thursday, 15 March 2012
Share certificates for the Rights Shares expected to be posted	Thursday, 15 March 2012
Dealings in fully-paid Rights Shares commence	9:00 a.m. Monday, 19 March 2012

The following events are conditional on the results of the EGM and the relevant Court hearings. The dates are therefore tentative.

(Hong Kong time)

Announcement of expected effective date of the Capital Reorganisation	on or before Tuesday, 24 April 2012
Warrant certificates for the Bonus Warrants expected to be posted	Monday, 30 April 2012
Dealings in the Bonus Warrants commence	9:00 a.m. Thursday, 3 May 2012

EXPECTED TIMETABLE FOR THE CAPITAL REORGANISATION

The expected timetable for the Capital Reorganisation is set out below:

(Hong Kong time)

Dispatch of circular to the Shareholders with notice of the EGM	Friday, 20 January 2012
Latest time for lodging proxy form for the EGM	9:00 a.m. Saturday, 11 February 2012
Expected date of the EGM	9:00 a.m. Monday, 13 February 2012
Announcement of the results of the EGM	Monday, 13 February 2012

The following events are conditional on the results of the EGM and the relevant Court hearings. The dates are therefore tentative.

(Hong Kong time)

Announcement of expected effective date of the Capital Reorganisation	on or before Tuesday, 24 April 2012
Proposed effective date of the Capital Reorganisation	after 4:00 p.m. Tuesday, 24 April and before 9:00 a.m. Wednesday, 25 April 2012
Commencement of dealings in the Adjusted Shares	Wednesday, 25 April 2012
Free exchange of existing share certificates for new share certificates for the Adjusted Shares commences	Wednesday, 25 April 2012
Last day of free exchange of existing share certificates for the new share certificates for the Adjusted Shares	Thursday, 7 June 2012

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES AND APPLICATION AND PAYMENT FOR EXCESS RIGHTS SHARES

The latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will not take place if there is:

(a) a tropical cyclone warning signal number 8 or above, or

(b) a "black" rainstorm warning

(i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Latest Acceptance Date. Instead the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be extended to 5:00 p.m. on the same day; or

(ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Latest Acceptance Date. Instead the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be rescheduled to 5:00 p.m. on the following business day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.

If the latest time for acceptance of and payment for the Rights Shares and application and payment for excess Rights Shares (if any) does not take place on the Latest Acceptance Date, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event.

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

"Adjusted Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company upon the Capital Reorganisation becoming effective
"Adjustment Proposal"	the Capital Reduction and the application of the credit arising from the Capital Reduction to set-off the accumulated losses of the Company, with the balance (if any) to be transferred to a distributable reserve account of the Company
"announcement"	shall include the release of an announcement to the press or the delivery or transmission by telephone, telex, facsimile transmission or otherwise of an announcement to the Stock Exchange, "date of announcement" shall mean the date on which the announcement is first so released, delivered or transmitted and "announce" shall be construed accordingly
"Articles"	the articles of association of the Company
"associate(s)"	has the meaning ascribed thereto in the Listing Rules
"Board"	the board of Directors
"Bonus Warrant(s)"	bonus warrant(s) to be issued by the Company to the successful applicants of the Rights Shares pursuant to the Rights Issue on the basis of one bonus warrant for every four Rights Shares taken up, conferring rights on the holder(s) thereof to subscribe for the Bonus Warrant Shares at the Exercise Price of HK$0.05 per Adjusted Share (subject to adjustments)
"Bonus Warrant Issue"	the proposed issue of the Bonus Warrants on the basis of one Bonus Warrant for every four Rights Shares taken up under the Rights Issue
"Bonus Warrant Share(s)"	new Adjusted Share(s) to be issued by the Company upon exercise of the subscription rights attaching to the Bonus Warrants

"business day"	any day on which banks in Hong Kong are generally open for business, except a Saturday or a Sunday and any day on which a tropical cyclone warning no. 8 or above or a "black" rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.
"Capital Distribution"	shall (without prejudice to the generality of that phrase) include distributions in cash or specie, and any dividend or distribution charged or provided for in the accounts for any financial period shall (whenever paid and however described) be deemed to be a Capital Distribution, provided that any such dividend shall not automatically be so deemed if:– (i) it is paid out of the aggregate of the net profits (less losses) attributable to the holders of Shares for all financial periods after that ended 31 December as shown in the audited accounts of the Company and its Subsidiaries for each such financial period; or (ii) to the extent that (i) above does not apply, the rate of that dividend, together with all other dividends on the class of capital in question charged or provided for in the accounts for the financial period in question, does not exceed the aggregate rate of dividend on such class of capital charged or provided for in the accounts for the last preceding financial period. In computing such rates, such adjustments may be made as are in the opinion of the Company's auditors appropriate to the circumstances and shall be made in the event that the lengths of such periods differ materially;
"Capital Reduction"	the proposed reduction of the nominal value of every issued Share from HK$0.10 to HK$0.01 by cancelling the paid-up capital to the extent of HK$0.09 per issued Share
"Capital Reorganisation"	the proposed reorganisation of the share capital of the Company by way of the Adjustment Proposal and the Share Subdivision as referred to in this circular

"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"Commission Payment"	the payment of the underwriting commission by the Company to the Underwriter under the Underwriting Agreement comprising of a fee payable upon completion of issuance and allotment of Rights Shares of HK$750,000, plus 3% of the aggregate Subscription Price of the Underwritten Shares
"Companies Law"	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
"Companies Ordinance"	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Company"	Radford Capital Investment Limited 萊福資本投資有限公司, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Court"	the Grand Court of the Cayman Islands
"Custodian"	Standard Chartered Bank Limited
"Custodian Agreement"	the custodian agreement dated 11 February 2002 entered into between the Company and the Custodian
"Director(s)"	the director(s) of the Company
"EAF(s)"	the form of application for excess Rights Shares proposed to be issued to the Qualifying Shareholders, being in such usual form as may be agreed between the Company and the Underwriter

"Effective Consideration"	in respect of the amount receivable for the securities issued shall be deemed to be consideration receivable by the issuer for such securities for the issue thereof plus the additional minimum consideration (if any) to be received by the issuer and/or the Company (if not the issuer) upon (and assuming) the full conversion or exchange thereof or the exercise in full of the subscription rights attaching thereto
"EGM"	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Capital Reorganisation, the Rights Issue, the Bonus Warrant Issue and the issuance of the Bonus Warrant Shares pursuant to any exercise of the subscription rights attached to the Bonus Warrants by the Shareholders
"Exercise Price"	the price payable for each Bonus Warrant Share on exercise of the subscription rights attached to the Bonus Warrants, which is initially set at HK$0.05 per Adjusted Share (subject to adjustments)
"Freeman"	Freeman Financial Corporation Limited (stock code: 279), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange
"Group"	the Company and its subsidiaries
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	a committee comprising all the independent non-executive Directors which has been established to make recommendations to the Independent Shareholders in relation to the Rights Issue

"Independent Financial Adviser"	Vinco Capital, the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue (including the Bonus Warrant Issue)
"Independent Shareholder(s)"	Shareholders who are not required to abstain from voting in favour of the resolution relating to the Rights Issue under the Listing Rules
"Investment Management Agreements"	the management agreement dated 3 November 2003 and the supplemental agreement dated 30 June 2011 entered into between the Company and the Investment Manager
"Investment Manager"	CU Investment Management Limited, a corporation licensed to carry out business in type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO
"Last Trading Date"	7 November 2011, being the date of the Underwriting Agreement
"Latest Acceptance Date"	9 March 2012 or such other date as may be agreed between the Company and the Underwriter, being the latest date for acceptance of the offer of and payment for the Rights Shares
"Latest Practicable Date"	18 January 2012, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
"Listing Committee"	the listing sub-committee of the board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Memorandum"	the memorandum of association of the Company
"Net Asset Value" or "NAV"	the net asset value of the Company calculated in accordance with the provisions of the Articles

"Non-Qualifying Shareholders"	Shareholders whose names appear on the register of members of the Company as at the close of business on the Record Date and whose addresses as shown on such register are outside Hong Kong where the Directors, based on opinions provided by its legal advisers, consider it necessary or expedient not to offer the Rights Shares to such Shareholders on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
"Overseas Shareholders"	Shareholders whose names appear on the register of members of the Company and whose addresses as shown on such register are outside Hong Kong
"PAL(s)"	the renounceable provisional allotment letter(s) proposed to be issued to the Qualifying Shareholders in connection with the Rights Issue
"Posting Date" or "Prospectus Date"	24 February 2012 or such other date as the Underwriter may agree in writing with the Company, being the date on which the Prospectus Documents are to be issued and dispatched to the Qualifying Shareholders or the Prospectus to the Non-Qualifying Shareholders for information only (as the case may be)
"PRC"	the People's Republic of China which, for the purpose of this circular, excludes Hong Kong, Macau Special Administrative Region and Taiwan
"Prospectus"	the prospectus to be issued by the Company to the Shareholders in relation to the Rights Issue
"Prospectus Documents"	the Prospectus, PAL and EAF
"Qualifying Shareholder(s)"	Shareholders, other than the Non-Qualifying Shareholders
"Record Date"	23 February 2012 or such other date as may be agreed between the Company and the Underwriter in writing, being the record date to determine entitlements of the Shareholders to participate in the Rights Issue and the Bonus Warrant Issue

"Registrar"	Computershare Hong Kong Investor Services Limited, the branch share registrar of the Company in Hong Kong, situated at Shop 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
"RSI"	the relative strength index. A technical momentum indicator used in the technical analysis of stocks that compares the magnitude of recent gains to recent losses in an attempt to determine overbought and oversold conditions of a stock, the RSI ranges from 0 to 100. A stock is deemed to be overbought once the RSI approaches the 70 level, meaning that it may be getting overvalued and is a good candidate for a pullback. Likewise, if the RSI approaches 30, it is an indication that the stock may be getting oversold and therefore likely to become undervalued.
"Rights Issue"	the proposed offer and issue of the Rights Shares by way of a rights issue on the basis of four Rights Shares for every Share held on the Record Date, at the Subscription Price on the terms set out in the Underwriting Agreement and the Prospectus Documents, with Bonus Warrants on the basis of one Bonus Warrant for every four Rights Shares taken up
"Rights Share(s)"	858,656,304 new Share(s) to be issued and allotted under the Rights Issue
"Rights Shares Dealing Date"	the date on which the fully-paid Rights Shares commence dealings on the Stock Exchange
"Settlement Date"	14 March 2012, being the third business day following the Latest Acceptance Date (or such other time or date as the Underwriter and the Company may agree in writing)
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.10 each in the share capital of the Company or the Adjusted Share(s) of HK$0.01 each in the share capital of the Company after the Capital Reorganisation becoming effective (as the case may be)

"Shareholder(s)"	shareholder(s) of the Company
"Share Option Scheme"	the share option scheme adopted by the Company on 7 February 2005, being the only share option or incentive scheme of the Company subsisting for the time being
"Share Subdivision"	the proposed share subdivision whereby each of the authorised but unissued Shares of par value of HK$0.10 each will be subdivided into ten Adjusted Shares of HK$0.01 each
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription Price"	the subscription price of HK$0.15 per Rights Share under the Rights Issue
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers
"total Effective Consideration"	in respect of the amount receivable for the securities issued shall be deemed to be aggregate consideration receivable by the issuer for such securities for the issue thereof plus the additional minimum consideration (if any) to be received by the issuer and/or the Company (if not the issuer) upon (and assuming) the full conversion or exchange thereof or the exercise in full of the subscription rights attaching thereto
"Underwriter"	Freeman Securities Limited, a licensed corporation to carry out type 1 (dealing in securities) regulated activities under the SFO
"Underwriting Agreement"	the underwriting agreement dated 7 November 2011 entered into between the Company and the Underwriter in relation to the underwriting of the Underwritten Shares
"Underwritten Shares"	858,656,304 Rights Shares as fully underwritten by the Underwriter pursuant to the terms and conditions of the Underwriting Agreement
"US"	the United States of America

"Vinco Capital"	Grand Vinco Capital Limited, a wholly-owned subsidiary of Vinco Financial Group Limited (Stock code: 8340), a licensed corporation to carry out business in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, which is appointed as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue (including the Bonus Warrant Issue)
"HK$"	Hong Kong dollars, being the lawful currency of Hong Kong
"%" or "per cent."	percentage or per centum

RADFORD CAPITAL INVESTMENT LIMITED
萊 福 資 本 投 資 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 901)

Executive Directors:
Mr. Chung Yuk Lun *(Chairman)*
Mr. Shimazaki Koji *(Chief Executive Officer)*
Mr. Sam Nickolas David Hing Cheong
Mr. Cheung Wing Ping

Independent Non-executive Directors:
Mr. Lum Pak Sum
Ms. Lam Yan Fong, Flora
Ms. Ng Yin Ling, Elaine

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

Principal place of business in Hong Kong:
Room 2201, 22/F
China United Centre
28 Marble Road
North Point
Hong Kong

20 January 2012

To: the Shareholders

Dear Sir or Madam,

(I) PROPOSED RIGHTS ISSUE ON THE BASIS OF FOUR RIGHTS SHARES FOR EVERY SHARE HELD ON THE RECORD DATE WITH BONUS WARRANTS ON THE BASIS OF ONE BONUS WARRANT FOR EVERY FOUR RIGHTS SHARES TAKEN UP; (II) CONNECTED TRANSACTION; (III) PROPOSED CAPITAL REORGANISATION; AND (IV) NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

On 7 November 2011, the Board announced that the Company proposed to (a) raise approximately HK$128.80 million (before expenses) by way of a rights issue on the basis of four Rights Shares for every Share held on the Record Date at the Subscription Price of HK$0.15 per Rights Share. Subject to the fulfillment of the conditions to the Rights Issue and the Bonus Warrant Issue, Bonus Warrants will be issued to the persons who have taken up the Rights Shares on the basis of one Bonus Warrant for every four Rights Shares taken up. Each of the Bonus Warrants will entitle the holder(s) thereof to subscribe for one Adjusted Share at the Exercise Price of HK$0.05 per Adjusted Share (subject to adjustments) while the issue of the Adjusted Share(s) will be conditional upon the Capital Reorganisation of the Company becoming effective, at any time between the date of issue of the Bonus Warrants and the day immediately preceding the date which is 24 months after the date of issue of the Bonus Warrants; and (b) put to the Shareholders a proposal at the EGM to effect the Capital Reorganisation which will involve the implementation of the Adjustment Proposal, including (i) Capital Reduction: (A) the reduction of the nominal value of every issued Share of HK$0.10 each to HK$0.01 each by cancelling HK$0.09 of the paid up capital on each issued Share; and (B) applying the credit arising from such capital reduction to set-off the accumulated losses of the Company and transferring the balance (if any) to a distributable reserve account of the Company; and (ii) Share Subdivision: following the implementation of the Adjustment Proposal above, every Share of HK$0.10 each in the authorised but unissued share capital of the Company will be subdivided into ten Adjusted Shares with a nominal value of HK$0.01 each.

It should be noted that the proposed Rights Issue and Capital Reorganisation will not be conditional on each other but the Bonus Warrants will only be issued after the Capital Reorganisation becoming effective. Both the Rights Issue and the Capital Reorganisation mentioned above will be subject to the approval of the Shareholders at the EGM.

Given that the Underwriter is a subsidiary of Freeman, and Freeman is in turn an indirect substantial shareholder (as defined under the Listing Rules) of CU Investment Management Limited, the investment manager of the Company, the Underwriter is therefore a connected person of the Company under Chapter 14A of the Listing Rules. As at the Latest Practicable Date, to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, Freeman (through a subsidiary) indirectly holds 9,911,000 Shares, representing approximately 4.62% of the issued share capital of the Company.

Accordingly, the transactions contemplated under the Underwriting Agreement (including the Commission Payment) constitute connected transactions under Chapter 14A of the Listing Rules. Any issue of the Rights Shares to the Underwriter under the Underwriting Agreement is exempt from the reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.31(3)(c) of the Listing Rules. As the Commission Payment to be received by the Underwriter on normal commercial terms pursuant to the Underwriting Agreement is approximately HK$4.6 million and the relevant percentage ratios (other than the profits ratio) as defined in the Listing Rules are less than 5%, the Commission Payment constitutes a connected transaction that is only subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirements under Rule 14A.32 of the Listing Rules.

Pursuant to Rule 7.19(6) of the Listing Rules, any controlling Shareholders and their associates or, where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors), the chief executive of the Company and their respective associates are required to abstain from voting in favour of the resolutions relating to the Rights Issue. As at the Latest Practicable Date, the Company does not have any controlling Shareholders and none of the Directors holds any Shares of the Company and is required to abstain from voting in favour of the resolutions relating to the Rights Issue at the EGM.

Freeman and its associates, having material interests in the Rights Issue and the Bonus Warrant Issue, to the extent where they hold Shares at the time when the EGM commences, will be required to abstain from voting at the EGM in respect of resolutions approving the Rights Issue.

An independent board committee of the Company, comprising all the independent non-executive Directors, has been established to make recommendations to the Independent Shareholders in relation to the Rights Issue and the Bonus Warrant Issue. An independent financial adviser, Vinco Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

The purpose of this circular is to provide you with, among other things, (a) further information on the Rights Issue and the Bonus Warrant Issue, (b) the recommendation of the Independent Board Committee in relation to the Rights Issue and the Bonus Warrant Issue, (c) the advice of Vinco Capital in respect of the Rights Issue and the Bonus Warrant Issue and (d) the notice of the EGM at which resolutions will be proposed to consider and, if thought fit, approve the Rights Issue, the Bonus Warrant Issue and the Capital Reorganisation.

(I) PROPOSED RIGHTS ISSUE

Terms of the Rights Issue

The Company proposes to raise approximately HK$128.80 million (before expenses) by way of a rights issue on the basis of four Rights Shares for every Share held on the Record Date at the Subscription Price of HK$0.15 per Rights Share.

Issue statistics

Basis of the Rights Issue	:	four Rights Shares for every Share held on the Record Date with Bonus Warrants on the basis of one Bonus Warrant for every four Rights Shares taken up
Number of Shares in issue as at the Latest Practicable Date	:	214,664,076 Shares
Number of Rights Shares	:	858,656,304 Rights Shares (assuming there shall be no further issue of new Shares or repurchase of Shares on or before the Record Date)
Subscription Price	:	HK$0.15 per Rights Share
Number of Bonus Warrants	:	214,664,076 Bonus Warrants
Underwriter	:	Freeman Securities Limited, a licensed corporation to carry out type 1 (dealing in securities) regulated activities under the SFO

The Underwriter is a subsidiary of Freeman. Freeman is in turn an indirect substantial shareholder (as defined under the Listing Rules) of CU Investment Management Limited, the investment manager of the Company.

As at the Latest Practicable Date, the Company has no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

Assuming there shall be no further issue of new Shares or repurchase of Shares on or before the Record Date, the 858,656,304 nil-paid Rights Shares proposed to be provisionally allotted represent 400% of the Company's issued share capital as at the Latest Practicable Date and 80% of the Company's issued share capital as enlarged by the issue of 858,656,304 Rights Shares. The aggregate nominal value of the Rights Shares will be HK$85,865,630.40.

Qualifying Shareholders

The Company will send the Prospectus Documents to the Qualifying Shareholders only. To qualify for the Rights Issue and Bonus Warrant Issue, a Shareholder must:

(a) be registered as a member of the Company at the close of business on the Record Date; and

(b) be a Qualifying Shareholder

The register of members of the Company will be closed from 17 February 2012 to 23 February 2012 (both days inclusive) for ascertaining entitlements of the Shareholders under the Rights Issue and the Bonus Warrant Issue. In order to be registered as a member of the Company on the Record Date, all transfer of Shares must be lodged (together with the relevant share certificate(s)) with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, by 4:30 p.m. (Hong Kong time) on 16 February 2012. The address of the branch share registrar of the Company in Hong Kong is:

Shop 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

The Company will send the Prospectus Documents to the Qualifying Shareholders and the Prospectus to the Non-Qualifying Shareholders for information purpose only.

Rights of the Overseas Shareholders

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

The Company does not have any Overseas Shareholders as at the Latest Practicable Date. In compliance with the necessary requirements of the Listing Rules, the Company will make enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders (if any). If, based on legal opinions, the Directors consider that it is necessary or expedient not to offer the Rights Shares (including for the avoidance of doubt the Bonus Warrants) to the Overseas Shareholders on account of either the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, the Rights Issue (including for the avoidance of doubt the Bonus Warrants) will not be available to such Overseas Shareholders. Further information in this connection will be set out in the Prospectus Documents containing, among other things, details of the Rights Issue, to be dispatched to the Qualifying Shareholders as soon as practicable. The Company will send copies of the Prospectus to the Non-Qualifying Shareholders for their information only, but will not send any PAL and EAF to them.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, of more than HK$100 will be paid pro rata to the Non-Qualifying Shareholders. The Company will retain individual amounts of HK$100 or less for the benefit of the Company. Any unsold entitlement of the Non-Qualifying Shareholders, together with any Rights Shares provisionally allotted but not accepted, will be made available for excess application on EAFs.

Closure of register of members

The register of members of the Company will be closed from 17 February 2012 to 23 February 2012, both days inclusive. No transfer of Shares will be registered during this period.

Terms of the Rights Issue and the Bonus Warrant Issue

Subscription Price

The Subscription Price for the Rights Share is HK$0.15 per Rights Share, which shall be payable in full by the Qualifying Shareholders upon acceptance of the provisional allotment of the Rights Shares or, where applicable, upon application for any of the excess Rights Shares, or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

(a) a discount of approximately 67.39% to the closing price of HK$0.46 per Share as quoted on the Stock Exchange on the Last Trading Date;

(b) a discount of approximately 67.39% to the average closing price of approximately HK$0.46 per Share as quoted on the Stock Exchange for the five consecutive trading days ending on the Last Trading Date;

(c) a discount of approximately 29.25% to the theoretical ex-rights price of approximately HK$0.212 per Share based on the closing price of HK$0.46 per Share as quoted on the Stock Exchange on the Last Trading Date. This theoretical ex-rights price has not taken into account the impact or effect or value of the Bonus Warrant Issue;

(d) a discount of approximately 37.50% to the closing price of HK$0.24 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and

(e) a discount of approximately 77.41% to the unaudited consolidated net asset value per Share of approximately HK$0.664 as at 30 November 2011.

The Subscription Price was determined after arm's length negotiations between the Company and the Underwriter with reference to the market price and the above-mentioned theoretical ex-rights price of the Shares. The Directors (including the independent non-executive Directors) consider the terms of the Rights Issue, including the Subscription Price which has been set as a discount to the closing price of the Shares on the Last Trading Date with an objective to encourage existing Shareholders to take up their entitlements so as to participate in the potential growth of the Company, to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole. The net price per Rights Share upon full acceptance of the relevant provisional allotment of Rights Shares will be approximately HK$0.143.

Basis of the provisional allotment

The basis of the provisional allotment shall be four Rights Shares for every Share held on the Record Date, being 858,656,304 Rights Shares at a Subscription Price of HK$0.15 per Rights Share. Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the PAL and lodging the same with a remittance for the Rights Shares being applied for.

Bonus Warrant Issue

Subject to the Capital Reoganisation becoming effective, and the fulfillment of the conditions to the Rights Issue and the Bonus Warrant Issue, Bonus Warrants will be issued to Shareholders and such other persons who have taken up the Rights Shares on the basis of one Bonus Warrant for every four Rights Shares taken up. Fractional entitlements to the Bonus Warrants will not be allotted but will be aggregated and sold for the benefit of the Company. On the basis of 858,656,304 Rights Shares to be issued under the Rights Issue, the total number of the Bonus Warrants to be issued will be 214,664,076. Each of the Bonus Warrants will entitle the holder(s) thereof to subscribe for one Adjusted Share at the Exercise Price of HK$0.05 per Adjusted Share (subject to adjustments), at any time between the date of issue of the Bonus Warrants and the day immediately preceding the date which is 24 months after the date of issue of the Bonus Warrants. Assuming there shall be no further issue of new Shares or repurchase of Shares on or before the Record Date, the Bonus Warrant Shares to be issued upon exercise of the subscription rights attached to the Bonus Warrants will represent approximately 16.67% of issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares and the Bonus Warrant Shares.

The Exercise Price of each Bonus Warrant represents:

(a) a discount of approximately 89.13% to the closing price of HK$0.46 per Share as quoted on the Stock Exchange on the Last Trading Date;

(b) a discount of approximately 89.13% to the average closing price of approximately HK$0.46 per Share as quoted on the Stock Exchange for the five consecutive trading days ending on the Last Trading Date;

(c) a discount of approximately 76.42% to the theoretical ex-rights price of approximately HK$0.212 per Share based on the closing price of HK$0.46 per Share as quoted on the Stock Exchange on the Last Trading Date. This theoretical ex-rights price has not taken into account the impact or effect or value of the Bonus Warrant Issue;

(d) a discount of approximately 79.17% to the closing price of HK$0.24 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and

(e) a discount of approximately 92.47% to the unaudited consolidated net asset value per Share of approximately HK$0.664 as at 30 November 2011.

The weighted average price per Share for the Rights Shares and the Bonus Warrant Shares is HK$0.13, calculated with reference to the Subscription Price of HK$0.15 per Rights Share and the Exercise Price of HK$0.05 per Adjusted Share and the allotment of the Bonus Warrants on the basis of one Bonus Warrant for every four Rights Shares taken up. Such weighted average price of HK$0.13 represents a discount of approximately 29.73% to the theoretical ex-rights price (including the effect of the Bonus Warrants) of approximately HK$0.185 per Share. This theoretical ex-rights price (including the effect of the Bonus Warrants) has been calculated based on the closing price of HK$0.46 per Share as quoted on the Stock Exchange on the Last Trading Date, the Subscription Price of HK$0.15 per Rights Share and the Exercise Price of HK$0.05 per Adjusted Share, and on the basis that a Shareholder will own 6 Shares in total (including the one Share he holds on the Record Date, four Rights Shares taken up and one Adjusted Share upon exercise of one Bonus Warrant) for every Share held on the Record Date upon full acceptance of entitlements under the Rights Issue and full exercise of Bonus Warrant to be issued. For simplicity, the time value of the Bonus Warrants is not taken into consideration in calculating the theoretical ex-rights price (including the effect of the Bonus Warrants) of approximately HK$0.185 per Share as the Board is of the opinion that such effect is immaterial.

The Exercise Price was arrived at after arm's length negotiations between the Company and the Underwriter with reference to the market price of the Shares and the above-mentioned theoretical ex-rights price (both including and excluding the effect of the Bonus Warrants). It is subject to customary anti-dilutive adjustments in certain events, including, among other things, share consolidation, share subdivision, capitalisation issue, capital distribution, rights issue and further issue of shares or convertible securities with a conversion price less than the then market price provided that the Exercise Price shall not at any time fall below the par value of the Adjusted Shares. The Bonus Warrant Issue is designed to encourage Shareholders to take up their entitlements under the Rights Issue so as to participate in the future growth of the Company.

Shareholders and investors are reminded that the theoretical ex-rights price (either including or excluding the effect of the Bonus Warrants) may or may not be the Share price on the first dealing day of Shares of the Company on an ex-entitlement basis.

Despite the current market environment, the Directors are of the view that Shareholders will be willing to participate in the Rights Issue because of (a) the discount of the Subscription Price to the current market price, theoretical ex-rights price (excluding the effect of the Bonus Warrants) and net asset value per Share, (b) the Bonus Warrants that will be issued to Shareholders taking up the Rights Shares, and (c) the Company is able to take advantage of current market conditions and use the Rights Issue proceeds to acquire investments at attractive prices and reap potential gains for the Company in any future recovery of the general economy and the stock market. Shareholders as a whole will benefit from such gains and from the growth of the Company. In view of the above, the Directors believe that Shareholders will be willing to participate in the Rights Issue.

The Rights Issue is in the interest of Shareholders not taking up the Rights Shares because:

(a) In any case, such Shareholders can sell their nil-paid Rights Shares on the market when trading in nil-paid Rights Shares commences. Any Shareholder not willing to take up the Rights Shares can sell four nil-paid Rights Shares for every Share they hold. Based on the theoretical ex-rights price (excluding the effect of the Bonus Warrants) of HK$0.212 (calculated with reference to the closing share price of the Company on the Last Trading Day), the value of each nil-paid Rights Share would be HK$0.062. On the basis of such theoretical ex-rights price, Shareholders not taking up the Rights Shares could therefore receive a significant amount of cash proceeds (i.e. 4 x HK$0.062 = HK$0.248 for each existing Share held) from disposing their nil-paid Rights Shares and enjoy HK$0.248 + HK$0.212 (above-mentioned theoretical ex-rights price) = HK$0.46 for each existing Share held, which equals the closing price of HK$0.46 per Share as quoted on the Stock Exchange on the Last Trading Date.

On the basis of the above, the Directors believe the Rights Issue is in the interest of Shareholders even if they do not take up the Rights Shares. Shareholders not taking up the Rights Shares can sell their nil-paid Rights Shares.

(b) The existing shareholding of Shareholders not taking up the Rights Shares will be able to benefit from the growth of the Company and the potential gains that the Company may reap from making investments using the proceeds from the Rights Issue. Even if some Shareholders decide not to take up the Rights Shares, the Directors believe that the Rights Issue will also benefit them as the Company can take advantage of current market conditions and use the Rights Issue proceeds to acquire investments at attractive prices. The growth of the Company and the potential gains that the Company may reap from such investments will benefit all Shareholders (including Shareholders who have decided not to take up their Rights Shares), thereby offsetting or reducing the dilution impact (if any) on share price. In addition, Shareholders not taking up the Rights Shares can also sell the nil-paid Rights Shares on the market when trading in nil-paid Rights Shares commences. On the basis of the above, the Directors believe that the Rights Issue is fair and reasonable to Shareholders as a whole.

(c) Despite of the dilution effect in the event that Shareholders do not subscribe the Rights Shares and the Subscription Price is set at a discount of approximately 81% to NAV per Share as at 30 September 2011 (being the date in respect of which the NAV per share was last published prior to the announcement of the Rights Issue), such Shareholders would still be able to benefit from the growth of the Company and the potential gains that the Company may reap from investments using the proceeds from the Rights Issue. The potential improvement in investment returns would also serve to narrow the discount of market price to NAV per Share.

In regards to potential dilution effects, the structure of the Rights Issue is dictated by the proceeds which the Company would like to raise at the Subscription Price, with a reasonable discount of approximately 29% to theoretical ex-rights price (excluding the effect of the Bonus Warrants and calculated with reference to the closing share price of the Company on the Last Trading Day), and the Bonus Warrant Issue is to encourage Shareholders to participate in the Rights Issue. This structure allows Shareholders not taking up Rights Shares to sell as many as four nil-paid Rights Shares for every Share held.

In regards to discount to NAV per Share, the closing price of HK$0.46 per Share as quoted on the Stock Exchange on the Last Trading Date is at an approximately 40% discount to NAV per Share of HK$0.77 as at 30 September 2011 (being the date in respect of which the NAV per share was last published prior to the announcement of the Rights Issue). Having a Subscription Price of approximately 29% discount to theoretical ex-rights price (excluding the effect of the Bonus Warrants and calculated with reference to the closing share price of the Company on the Last Trading Day) is also not unusual and not unreasonable. It is a combination of the above that results in the Subscription Price of HK$0.15 per Rights Share is at an approximately 81% discount to NAV per Share as at 30 September 2011, and the Company therefore believes there is no issue with the discount of Subscription Price to NAV per Share, especially when Shareholders not taking up the Rights Shares can still benefit from the Rights Issue as mentioned under (a) to (c) above.

The theoretical ex-rights price (excluding the effect of the Bonus Warrants) is HK$0.168 if calculated with reference to the closing share price of the Company of HK$0.24 on the Latest Practicable Date. The Subscription Price therefore represents a discount of approximately 10.7 % to such theoretical ex-rights price, which is not unreasonable. The benefits described under (a) to (c) above still hold true except that the numbers under (a) should be adjusted as follows: on the basis of the theoretical ex-rights price (excluding the effect of the Bonus Warrants) of HK$0.168, the value of each nil-paid Rights Share would be HK$0.018, the proceeds from selling nil-paid Rights Shares would be HK$0.072 for each existing Share held, and Shareholders would still enjoy HK$0.072 + HK$0.168 (ie, HK$0.24) for each existing Share held, which equals the closing price of the Company on the Latest Practicable Date. Consequently, the Directors consider the Rights Issue to be in the interest of Shareholders even after taking into account the discount to theoretical ex-rights price excluding the effect of the Bonus Warrants and calculated with reference to the closing share price of the Company on the Latest Practicable Date.

In any event, different Shareholders have different considerations and may take different courses of actions. The Company and its Directors are required to act in the interest of Shareholders as a whole. The Company and its Directors believe that the Rights Issue, the terms of which are negotiated between the Company and the Underwriter on an arms-length basis, is in the interest of Shareholders as a whole. Furthermore, the Rights Issue will proceed only if it is approved by Shareholders at the EGM.

Assuming all the Bonus Warrants are exercised, gross proceeds and net proceeds of approximately HK$10.73 million and HK$10.68 million, respectively, will be raised. The net price per Bonus Warrant Share is therefore approximately HK$0.05. As the Bonus Warrants and the Bonus Warrant Shares will only be issued after the Capital Reorganisation has become effective, the aggregate nominal value of all the Bonus Warrant Shares that may fall to be issued is approximately HK$2.1 million.

The obligations of the Company to issue and allot the Bonus Warrants are conditional upon:

(a) the passing of the relevant resolution at the EGM approving the Bonus Warrant Issue and the issuance of the Bonus Warrant Shares upon any exercise of the subscription rights attached to the Bonus Warrants in accordance with the Articles and the Listing Rules;

(b) the approval of the Capital Reduction by the Court;

(c) the passing of a special resolution approving the Capital Reorganisation at the EGM;

(d) the Capital Reorganisation having become effective, and compliance with any conditions imposed by the Court on the Capital Reduction;

(e) compliance with all necessary requirements and obtaining all consents and approvals under the Listing Rules for the issue of the Bonus Warrants by the Company;

(f) the Listing Committee granting or agreeing to grant (subject to allotment) the listing of, and permission to deal in the Adjusted Shares, the Bonus Warrants and the Bonus Warrant Shares, either unconditionally or subject to such conditions as the Underwriter may in its absolute discretion accept and the satisfaction of such conditions (if any and where relevant);

(g) the obligations of the Underwriter under the Underwriting Agreement not being terminated by the Underwriter in accordance with the terms thereof; and

(h) the Rights Issue having become unconditional, and the Rights Shares in their fully-paid form having been duly issued and allotted.

Certificates for the Rights Shares and the Bonus Warrants

Subject to the fulfillment of the conditions of the Rights Issue, certificates for the fully-paid Rights Shares are expected to be posted on or before 15 March 2012 to those Qualifying Shareholders and applicants who have accepted or (as the case may be) applied and paid for the Rights Shares, at their own risks.

The first day of dealings in the Rights Shares in their fully-paid forms is expected to commence on Monday, 19 March 2012.

Subject to the fulfillment of the conditions of the Bonus Warrant Issue and the timing of the relevant Court hearings, certificates for the Bonus Warrants are expected to be posted on or before 30 April 2012 to Shareholders or such other persons who have taken up the Rights Shares, at their own risks.

The Bonus Warrants will be issued subject to and with the benefit of the instrument by way of deed poll (the "Instrument") to be executed by the Company. The Bonus Warrants will be issued in registered form and will form one class and rank pari passu in all respects with each other.

Application for excess Rights Shares

The Qualifying Shareholders shall be entitled to apply for any unsold entitlements of the Non-Qualifying Shareholders and any Rights Shares provisionally allotted but not accepted. Application may be made by completing the EAF and lodging the same with a separate remittance for the excess Rights Shares being applied for. The Directors will allocate the excess Rights Shares at their discretion, but on a fair basis in accordance with the Listing Rules on the following principles:

(a) preference will be given to applications for less than a board lot of Rights Shares where they appear to the Directors that such applications are made to round up odd-lot holdings to whole-lot holdings and that such applications are not made with the intention to abuse this mechanism; and

(b) subject to the availability of any excess Rights Shares after allocation under sub-paragraph (a) above, any excess Rights Shares will be allocated based on a sliding scale with reference to the number of excess Rights Shares applied by them (i.e. applications for a smaller number of Rights Shares are allocated with a higher percentage of successful application but will receive a lesser number of Rights Shares; whereas applications for a larger number of Rights Shares are allocated with a smaller percentage of successful application but will receive a greater number of Rights Shares).

Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted on or before 15 March 2012 by ordinary post to the relevant unsuccessful applicants therefor at their own risk.

Any persons holding Shares through a nominee company should note that the Company will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, such Shareholders should note that the aforesaid arrangement in relation to the allocation of excess Rights Shares will not be extended to beneficial owners individually. Beneficial owners who hold their Shares through a nominee company are advised to consider whether they should arrange for registration of their Shares in their own names prior to the Record Date.

For the Shareholders whose Shares are held by their nominee(s) and would like to have their names registered on the register of members of the Company, they must complete the relevant registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, by 4:30 p.m. on 16 February 2012.

Application for listing

The Company will apply to the Listing Committee for the listing of, and permission to deal in the Rights Shares (in both nil-paid and fully-paid forms), the Bonus Warrants and the Bonus Warrant Shares.

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

Both nil-paid Rights Shares and fully-paid Rights Shares will be traded in board lots of 20,000 Shares while Bonus Warrants will also be traded in board lots of 20,000 Bonus Warrants.

Dealings in the Rights Shares (in both nil-paid and fully-paid forms), the Bonus Warrants and the Bonus Warrant Shares will be subject to the payment of stamp duty, Stock Exchange trading fee, Securities and Futures Commission transaction levy and/or any other applicable fees and charges in Hong Kong.

Taxation

Qualifying Shareholders are recommended to consult their professional advisers if they are in any doubt as to the tax implications of the holding or disposal of, or dealing in the Rights Shares in both their nil-paid and fully-paid forms and the Bonus Warrants and, in regards to the Non-Qualifying Shareholders, their receipt of the net proceeds of sale of the nil-paid Rights Shares otherwise falling to be issued to them under the Rights Issue.

It is emphasised that neither the Company, the Directors nor any other parties involved in the Rights Issue and the Bonus Warrant Issue accepts responsibility for any tax effects or liabilities of holders of the Rights Shares and the Bonus Warrants resulting from the purchase, holding or disposal of, or dealing in the Rights Shares in both their nil-paid and fully-paid forms and the Bonus Warrants.

Fractions of Rights Shares and Bonus Warrants

On the basis of the provisional allotment of four Rights Shares for every Share held by the Qualifying Shareholders at the close of business on the Record Date, no fractional entitlements to the Rights Shares will arise under the Rights Issue.

On the basis of one Bonus Warrant for every four Rights Shares taken up by the Qualifying Shareholders, fractional entitlements to the Bonus Warrants will not be allotted but will be aggregated and sold for the benefit of the Company.

Status of the Rights Shares and the Bonus Warrant Shares

The Rights Shares and the Bonus Warrant Shares, when fully paid and issued, will rank pari passu in all respects with the Shares then in issue, including the right to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment of the Rights Shares in their fully-paid form or the Bonus Warrant Shares (as the case may be).

Conditions precedent to the Rights Issue

The Rights Issue and the underwriting obligations of the Underwriter under the Underwriting Agreement are conditional upon the following:

(a) the passing of the relevant resolutions by Independent Shareholders at the EGM approving the issue and allotment of the Rights Shares in accordance with the Articles and the Listing Rules;

(b) the delivery to the Stock Exchange and the filing with and registration of the Prospectus (with all documents required to be attached thereto by section 342C of the Companies Ordinance), the PAL and the EAF (all having been duly authorised for registration by the Stock Exchange and certified by any two Directors or their respective authorised agents) by the Registrar of Companies in Hong Kong in compliance with the Companies Ordinance on or before the Prospectus Date;

(c) the posting of the Prospectus Documents to the Qualifying Shareholders on or before the Prospectus Date;

(d) the Listing Committee granting or agreeing to grant (subject to allotment) the listing of, and permission to deal in, the Rights Shares (in both their nil-paid and fully-paid forms), either unconditionally or subject to such conditions as the Underwriter may in its absolute discretion accept and the satisfaction of such conditions (if any and where relevant) before 8:00 a.m. on the first date of dealings in nil-paid Rights Shares on the Stock Exchange and not having withdrawn or revoked such listing and permission before 8:00 a.m. on the Rights Shares Dealing Date; and

(e) the obligations of the Underwriter under the Underwriting Agreement not being terminated by the Underwriter in accordance with the terms thereof.

In the event that the above conditions have not been satisfied on or before 4:00 p.m. on 31 March 2012 (or such other date as the Underwriter and the Company may agree in writing), the obligations of the parties to the Underwriting Agreement shall cease and determine and no party shall have any claim against the other party save for any antecedent breach of the Underwriting Agreement and save that all legal fees and any out of pocket expenses of the Underwriter shall continue to be borne by the Company, and the Rights Issue will not proceed.

If the conditions precedent to the Rights Issue are satisfied, the Company intends to proceed with the issue and allotment of the Rights Shares even if the resolutions approving the Bonus Warrant Issue and/or the Capital Reorganisation are not passed at the EGM or if any of the other conditions to the Bonus Warrant Issue and/or the Capital Reorganisation are not met.

Underwriting Agreement

Date	:	7 November 2011
Parties	:	(i) the Company as the Issuer; and (ii) Freeman Securities Limited as the Underwriter
Total number of Rights shares being underwritten by the Underwriter	:	The Underwriter has conditionally agreed pursuant to the Underwriting Agreement to underwrite on a fully underwritten basis, being 858,656,304 Rights Shares, subject to the terms and conditions of the Underwriting Agreement
Commission Payment	:	A fee payable upon completion of issuance and allotment of the Rights Shares of HK$750,000, plus 3% of the aggregate Subscription Price of the Underwritten Shares

The Commission Payment was determined after arm's length negotiations between the Company and the Underwriter with reference to the current market conditions. It was the Underwriter who initially approached the Company with a proposal to underwrite a rights issue for the Company. Apart from Freeman Securities Limited, the Company is of the view that it is difficult to find any underwriter to underwrite the underwritten Rights Shares given the prevailing market conditions. The Company's understanding is that currently underwriters in general have a much lower risk appetite in the current economic environment and are keen to preserve their capital base. Therefore, the Company did not approach any other underwriters for the Rights Issue. In the two earlier rights issues announced by the Company in April and June of 2011, the underwriting commission was 2.5%. In view of the significantly more volatile economic environment and the deepening European debt crisis in recent months, and the impact of such on the global financial sector, the Directors are of the view that it is not unreasonable for the Underwriter to require a higher commission payment to cater for significantly higher underwriting risks. Consequently, the Directors (including the independent non-executive Directors) consider that the terms of the Underwriting Agreement (including the Commission Payment) are fair and reasonable and in the interests of the Company and the Shareholders as a whole as they are commercial terms negotiated on an arms-length basis, including the Commission Payment which is within the range of 0% to 4% underwriting commission for 36 rights issue conducted by the Companies listed on the Stock Exchange recently, details of which are contained in the section headed "Comparison with other rights issues" of the letter of advice from Vinco Capital included in this circular.

Termination of the Underwriting Agreement

If at any time between the date of the Underwriting Agreement and 6:00 p.m. on the third business day following the Latest Acceptance Date, one or more of the following events or matters (whether or not forming part of a series of events) shall occur, arise or exist:

(a) the Underwriter shall become aware of the fact that, or shall have reasonable cause to believe that, any of the warranties contained in the Underwriting Agreement are untrue, inaccurate, misleading or have been breached, and in each case the same is (in the reasonable opinion of the Underwriter) material in the context of the Rights Issue; or

(b) (i) any new law or regulation is enacted, or there is any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority, whether in Hong Kong, the Cayman Islands or elsewhere;

(ii) any change in local, national or international financial, political, industrial or economic conditions;

(iii) any change of an exceptional nature in local, national or international equity securities or currency markets;

(iv) any local, national or international outbreak or escalation of hostilities, insurrection or armed conflict;

(v) any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange; or

(vi) any change or development involving a prospective change in taxation or exchange controls in Hong Kong, the Cayman Islands or elsewhere,

which event or events is or are in the reasonable opinion of the Underwriter:

(vii) likely to have a material adverse effect on the business, financial position or prospects of the Group taken as a whole;

(viii) likely to have a material adverse effect on the success of the Rights Issue or the level of Rights Shares taken up;

(ix) so material as to make it inappropriate, inadvisable or inexpedient to proceed further with the Rights Issue,

then and in such case, the Underwriter may by notice in writing to the Company terminate the Underwriting Agreement whereupon all obligations of the Underwriter under the Underwriting Agreement shall cease and determine and the Rights Issue shall not proceed. The Company shall continue to be liable for all legal fees and any out of pocket expenses of the Underwriter.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE NIL-PAID RIGHTS SHARES AND/OR TAKING UP THE RIGHTS SHARES

The Shares will be dealt in on an ex-rights basis from Wednesday, 15 February 2012. Dealings in the Rights Shares in the nil-paid form will take place from Tuesday, 28 February 2012 to Tuesday, 6 March 2012 (both days inclusive).

Any Shareholders or other persons contemplating selling or purchasing Rights Shares in their nil-paid form during this period who are in doubt about their position are recommended to consult their professional advisers.

The Rights Issue is conditional, inter alia, upon the fulfillment of the conditions set out in this circular under the section headed "Conditions precedent to the Rights Issue". Accordingly, the Rights Issue may or may not proceed. Any Shareholders or other persons contemplating selling or purchasing Shares and/or nil-paid Rights Shares up to the date when the conditions of the Rights Issue have not been fulfilled will bear the risk that the Rights Issue could not become unconditional and may not proceed. Shareholders and the public are reminded to exercise caution when dealing in the securities of the Company.

In addition, if the conditions precedent to the Bonus Warrant Issue are not satisfied, the Company will not be in a position to issue the Bonus Warrants to Shareholders and investors who take up the Rights Shares. There is therefore no guarantee that Shareholders and investors taking up the Rights Shares will receive the Bonus Warrants. In any event, as the completion of the Rights Issue is expected to occur before the completion of the Bonus Warrant Issue, Shareholders and investors should expect there will be a time gap between taking up the Rights Shares and receiving the Bonus Warrants. Shareholders and the public are therefore reminded to exercise caution when dealing in the securities of the Company and deciding, whether or not, to take up the Rights Shares.

Furthermore, Shareholders should be aware of the potential dilution effect to the Qualifying Shareholders opting not to subscribe for their pro-rata Rights Shares. The theoretical ex-rights price (excluding the effect of the Bonus Warrants) is HK$0.168 if calculated with reference to the closing share price of the Company of HK$0.24 on the Latest Practicable Date. The Subscription Price therefore represents a discount of approximately 10.7% to such theoretical ex-rights price. The weighted average price per Share for the Rights Shares and the Bonus Warrant Shares is HK$0.13, calculated with reference to the Subscription Price of HK$0.15 per Rights Share and the Exercise Price of HK$0.05 per Adjusted Share and the allotment of the Bonus Warrants on the basis of one Bonus Warrant for every four Rights Shares taken up. Such weighted average price of HK$0.13 represents a discount of approximately 12% to the theoretical

ex-rights price (including the effect of the Bonus Warrants) of approximately HK$0.148 per Share. This theoretical ex-rights price (including the effect of the Bonus Warrants) has been calculated based on the closing price of HK$0.24 per Share as quoted on the Stock Exchange on the Latest Practicable Date, the Subscription Price of HK$0.15 per Rights Share and the Exercise Price of HK$0.05 per Adjusted Share, and on the basis that a Shareholder will own 6 Shares in total (including the one Share he holds on the Record Date, four Rights Shares taken up and one Adjusted Share upon exercise of one Bonus Warrant) for every Share held on the Record Date upon full acceptance of entitlements under the Rights Issue and full exercise of Bonus Warrant to be issued. For simplicity, the time value of the Bonus Warrants is not taken into consideration in calculating the theoretical ex-rights price (including the effect of the Bonus Warrants) of approximately HK$0.148 per Share as the Board is of the opinion that such effect is immaterial.

Shareholders and investors are reminded that the theoretical ex-rights price (either including or excluding the effect of the Bonus Warrants) may or may not be the Share price on the first dealing day of Shares of the Company on an ex-entitlement basis.

Shareholders and the public are therefore reminded to exercise caution when dealing in the securities of the Company and deciding whether or not to take up the Rights Shares.

Fund raising exercises of the company during the past three years

The Company's equity fund raising exercises over the past three years immediately preceding the Latest Practicable Date are set out below:

Date of announcement	Fund raising activity	Net Proceeds raised (approximately)	Use of the net proceeds
29 September 2008	Issue of convertible notes	HK$45 million	To offset the outstanding loans of the Company
5 June 2009	Subscription of 162,000,000 new Shares	HK$18.8 million *(note 1)*	For investment purposes and for the purchase of listed securities of Hong Kong
3 August 2009	Placing of 1,000,000,000 new Shares	Nil *(note 2)*	Not Applicable

Date of announcement	Fund raising activity	Net Proceeds raised (approximately)	Use of the net proceeds
28 October 2009	Subscription of 195,701,457 new Shares	HK$19.43 million *(note 1)*	For investments pursuant to the investment objectives of the Company
10 June 2010	Rights issue on the basis of four rights shares for every share held	HK$106.21 million *(note 3)*	For investments pursuant to the investment objectives of the Company
16 August 2010	Subscription of 50,234,378 new Shares	HK$4.87 million *(note 3)*	For investment purposes and for the purchase of listed securities in Hong Kong
8 April 2011	Rights issue on the basis of four rights shares for every share held	Nil *(Note 4)*	Not Applicable
29 June 2011	Rights issue on the basis on one rights share for every two shares held	HK$51.67 million *(note 5)*	For the committed investments of the Group in Bao Yuan Holdings Limited and as general working capital of the Company and further investments in listed securities

Notes:

1. Set out below is a breakdown of the actual use of the proceeds:–

Proceeds (Approximately)	Actual use of net proceeds	Description of business	Realised or unrealised trading gain or loss	Basis for making investments
Year 2009				
HK$5.38 million	Investment in securities in: Mascotte Holdings Ltd (Stock code: 136)	loan financing, trading of investments, manufacture and sale of accessories for photographic, electrical and multimedia products and property investment	Realised gain for the year ended 31 December 2009: approximately HK$1,600 Unrealised loss for the year ended 31 December 2009: approximately HK$441,000 Unrealised loss for the year ended 31 December 2010: approximately HK$1,265,000 Unrealised loss for the period from 1 January 2011 to the Latest Practicable Date: approximately HK$602,000	• Mascotte's financial position was strong. Cash and cash equivalent totaled HK$33 million and no outstanding bank borrowing at end of fiscal 2009. • Mascotte already established its market position in the computer, photographic, video, phone and multi-media bag and accessory market, after more than 30 years in the industry.

Proceeds (Approximately)	Actual use of net proceeds	Description of business	Realised or unrealised trading gain or loss	Basis for making investments
HK$6.12 million	Investment in securities in: China Strategic Holdings Ltd (Stock code: 235)	Manufacture and trading of battery products and related accessories, and investment in securities	Realised gain for the year ended 31 December 2009: approximately HK$1,052,000	• China Strategic's financial position remained sound, with a high cash position, which the Directors consider the company can demonstate good potential for further development. • China Strategic's investment in Nan Shan Life Insurance would help it to enter successfully into Taiwan's insurance industry.
HK$0.80 million	Investment in securities in: Freeman Financial Corporation Ltd (Stock code: 279)	Trading of securities, provision of finance, property holdings and investment, insurance agency and brokerage business, securities brokerage, investment advisory and investment holding	Realised loss for the year ended 31 December 2009: approximately HK$414,000	• The capital commitments of the group as at 30 September 2008 HK$24,050,000, the group have sufficient financial resources to meet the operational requirements, which the Directors consider the company can demonstate good potential for further development. • The group had shareholders' funds of HK$1,055,579,000 as at 30 September 2008. • Revenue of the provision of finance business for the period amounted to HK$7,230,000 for the six months ended 30 September 2008. The business recorded a profit of the provision of finance business HK$2,625,000 in that period.

Proceeds (Approximately)	Actual use of net proceeds	Description of business	Realised or unrealised trading gain or loss	Basis for making investments
HK$7.40 million	Investment in securities in: Heritage International Holdings Ltd (Stock code: 412)	Property investment, investments in securities, money lending and investment holding	Realised loss for the year ended 31 December 2009: approximately HK$752,000	• Heritage's financial position remained strong. • The company's debt ratio was only 4.83% at end of fiscal 2009. • The recent downturn in the global equity markets represented opportunities for the company to buy assets at depressed prices.
HK$18.53 million	Investment in securities in: G-Resources Group Ltd (Stock code: 1051)	Mining business, provision of financial information services, trading of electronic goods and accessories, and securities trading	Realised loss for the period from 1 January 2011 to the Latest Practicable Date: approximately HK$190,000 Unrealised loss for the year ended 31 December 2009: approximately HK$10,838,000 Unrealised gain for the year ended 31 December 2010: approximately HK$1,883,000	• The company completed the acquisition of the Martabe gold/silver project in North Sumatra, Indonesia, with expected gold production in 2011. • The company's expected cost of US$250/oz. compared with spot price was very attractive. • The company gave an outlook that had so much more upside than downside for gold. • The company was expected to drive organic growth by acquisition of gold projects and gold operations. • The board and senior management had the right backgrounds and experience for the growth profile and were familiar with the regional mining environments.

2. The placing was terminated by mutual agreement between the Company and the placing agent as announced by the Company on 28 October 2009.

3. Set out below is a breakdown of the actual use of the proceeds:–

Proceeds (Approximately)	Actual use of net proceeds	Description of business	Realised or unrealised trading gain or loss	Basis for making investments
Year 2010				
HK$38.04 million	Investment in securities in: China Tycoon Beverage Holdings Ltd (Stock code: 209)	Manufacturing and trading of hard and stuffed toys and the manufacturing and sales of beverage products	Realised gain for the year ended 31 December 2010: approximately HK$254,000 Unrealised loss for the year ended 31 December 2010: approximately HK$422,000 Unrealised loss for the period from 1 January 2011 to the Latest Practicable Date: approximately HK$15,036,000	• The group's financial position remains sound • The group has sufficient financial resources to meet its ongoing operational requirements. • The group had entered into a conditional acquisition agreement to acquire 82.3% equity interest in Tycoon Beverage Group Co. Ltd. which indirectly engaged in trading and distribution of drink products under the brand of "Daheng" in the PRC. • Increase in urban population and population in the PRC; rapid development of chain store in the PRC which made the juice products more affordable and accessible and thus that the outlook of the beverage industry in PRC was optimistic.
HK$3.42 million	Investment in securities in: Willie International Holdings Ltd (Stock code: 273)	Property investment, investment in securities trading, money lending and investment holding	Realised loss for the period from 1 January 2011 to the Latest Practicable Date: approximately HK$2,612,000 Unrealised gain for the year ended 31 December 2010: approximately HK$628,000	• The company continued to take a conservative and cautious approach in investing and had achieved a turnaround from its core business. • The group remained active in seeking opportunities in financial services, energy related projects and property investments. Its investment portfolio benefitted from the recovery of the stock market and returned a profit approximately HK$72 million for the year ended 31 December 2009 and net fair value gains on trading of investment held of approximately HK$38 million.

Proceeds (Approximately)	Actual use of net proceeds	Description of business	Realised or unrealised trading gain or loss	Basis for making investments
HK$20.56 million	Investment in securities in: Freeman Financial Corporation Ltd (Stock code: 279)	Trading of securities, provision of finance, property holdings and investment, insurance agency and brokerage business, securities brokerage, investment advisory and investment holding	Realised loss for the year ended 31 December 2010: approximately HK$761,000	• The financial market had stabilised and thus the performance of the group had improved the income from sales of trading securities which recorded a profit of HK$56.8 million for the year ended 31 March 2010, representing an increase of 5.9 times. • Dividend income increased by 8.6 times to HK$23.1 million for the year ended 31 March 2010. • Gross rental income increased to HK$4 million for the year ended 31 March 2010, representing an increase of 11.1%.
HK$45 million	Investment in securities in: Rising Development Holdings Ltd (Stock code: 1004)	Investment holding and trading in securities, manufacture and sale of fur garments, trading of fur skins and business of mining natural resources	Realised loss for the period from 1 January 2011 to the Latest Practicable Date approximately HK$34,000 Unrealised gain for the year ended 31 December 2010: approximately HK$8,234,000 Unrealised loss for the period from 1 January 2011 to the Latest Practicable Date: approximately HK$24,978,000	• Demand for fur products was strong due to the continuing expansion of the Chinese domestic market and the economic recovery in Russia and South Korea. • The company continue fur products as the main direction of the group's development. • Sales of fur products in China had been satisfactory. • The group continued strengthening its brand "Frede Derick" in China through co-operating with its strategic partners and efficiently minimise the production costs. • The company continued to develop high-end collection for its brand "Lecottia" to cater for the demand of Russian and other tourists in its retail shop in Paris.

Proceeds (Approximately)	Actual use of net proceeds	Description of business	Realised or unrealised trading gain or loss	Basis for making investments
HK$4.06 million	Investment in securities in: China New Energy Power Group Limited (Stock code: 1041)	Manufacture of and trading in wooden products including blockboard and particle board, door skin and other wooden products	Realised loss for the period from 1 January 2011 to the Latest Practicable Date: approximately HK$35,000	• During the year ended 31 December 2009, timber business resumed to be the core business of the Group. • The company managed to seise the opportunities arising from a rising demand in emerging markets and steadily broadened its market share. • The group managed to maintain a healthy cash position of approximately US$30.6 million as at 31 December 2009 technically. • The stock price had been consolidated for a long while and received support at 20 days and 50 days moving average levels and could be strategically accumulated.

4. The rights issue was not approved by the Shareholders at the extraordinary general meeting held on 27 June 2011 and has since lapsed.

5. It was stated in the prospectus of the Company dated 15 July 2011 that the proceeds from the rights issue would be applied to the committed investments of the Group in Bao Yuan Holdings Limited ("Bao Yuan") and 3D GOLD Jewellery Holdings Limited ("3D-GOLD") and as general working capital of the Group and further investment in listed securities. As the resumption proposal of 3D-GOLD has not been approved by the Stock Exchange as at the Latest Practicable Date, the net proceeds of approximately HK$51.67 million from the rights issue have been used as to approximately HK$6.923 million to take up the rights shares in Bao Yuan pursuant to the sub-underwriting arrangement by the Group in the rights issue of Bao Yuan. The actual use of the net proceeds from the rights issue for securities investments is as follows:–

Proceeds (Approximately)	Actual use of net proceeds	Description of business	Realised or unrealised trading gain or loss	Basis for making investments
Year 2011				
HK$10.49 million	Investment in securities in: Dragonite International Limited (Stock code: 329)	Production and sales of health care products, pharmaceutical products and RUYAN atomising cigarettes	Unrealised loss for the period from 1 January 2011 to the Latest Practicable Date: approximately HK$7,446,000	• The company enforced and protected its proprietary rights in e-cigarette technology with proceedings being initiated against suspected infringers in the United States. • The company maintains a positive view towards the prospects of the real estate market in Hong Kong, particularly the commercial and retail real estate sector. • The company held a trade conference and received positive responses from its distributors.

Proceeds (Approximately)	Actual use of net proceeds	Description of business	Realised or unrealised trading gain or loss	Basis for making investments
Year 2011				
HK$3.39 million	Investment in securities in: Heritage International Holdings Ltd (Stock code: 412)	Property investment, investments in securities, money lending and investment holding	Realised loss for the period from 1 January 2011 to the Latest Practicable Date: approximately HK$730,000 Unrealised loss for the period from 1 January 2011 to the Latest Practicable Date: approximately HK$649,000	• The company owned certain commercial properties in North Point and a luxury residential property in Stanley. • The gain arising from changes in fair value amounted to approximately HK$0.9 million for the six months ended 30 September 2010. • The value of the property investment stood at HK$237 million as at 31 March 2010. • The money lending business has contributed a gain of approximately HK$2 million for the six months ended 30 September 2010. • The company has a 20% interest in a company engaging in lottery related business in the PRC, which has obtained lottery selling rights for China Welfare Lottery Tickets in over 10 provinces in China.
HK$6.92 million	Investment in securities in: Bao Yuan Holdings Ltd (Stock code: 692)	Trading of the fabrics, garments and other related accessories. Exploration, development and mining of iron and titanium ores and trading of securities	Realised loss for the period from 1 January 2011 to the Latest Practicable Date: approximately HK$555,000	• In the PRC, there is huge demand for iron and titanium applications such as aerospace, sport equipment, cosmetics, etc. • To capitalise on these growing opportunities, the company are proceeding to apply for various licenses and permits for operating the mine. • The company considers that the prospect for mining and sale of the metals remains attractive in the years ahead. • Technically, the stock was under-preforming for a long while, its RSI gradually moved up higher and higher and the upward momentum has been increasing.

Proceeds (Approximately)	Actual use of net proceeds	Description of business	Realised or unrealised trading gain or loss	Basis for making investments
Year 2011				
HK$3.10 million	Investment in securities in: Wo Kee Hong (Holdings) Ltd (Stock code: 720)	Import, marketing and distribution of cars, electrical appliances and fashion apparels and accessories	Unrealised gain for the period from 1 January 2011 to the Latest Practicable Date: approximately HK$1,050,000	• The company's cars business turnover rose by 49.3% to HK$700.4 million for the six months ended 30 June 2011. • Turnover of the company's electrical appliances segment recorded a mild increase of 6.6% to HK$130.1 million for the six months ended 30 June 2011. • The company sales of its own-branded men's wear "V-one" recorded a double-digit growth.
HK$19.18 million	Investment in securities in: Tack Fiori International Group Limited (formerly known as Tack Fat Group International Ltd) (Stock code: 928)	Retail and concessionaire sales of garments	Realised loss for the period from 1 January 2011 to the Latest Practicable Date: approximately HK$6,447,000 Unrealised loss for the period from 1 January 2011 to the Latest Practicable Date: approximately HK$3,939,000	• Some of the emerging countries in which the company operates are less exposed to the financial crisis. Government policies which are anticipated to stimulate domestic consumption would favor the growth of the retail industry. • Strong GDP growth and rising domestic consumption power in mainland China translate to increasing demand for the company branded fashion products. • The company has strong and continuous support from investors in terms of both business and financial aspects. • The group will be able to sustain its retail business at a sufficient level in upcoming financial years and expand its retail business to a substantial level within a reasonable period of time after the resumption of trading in the shares on the Stock Exchange.
HK$6 million	Investment in securities in: Rising Development Holdings Ltd (Unlisted convertible bond)	Investment holding and trading in securities, manufacture and sale of fur garments, trading of fur skins and business of mining natural resources	Unrealised gain/loss for the period from 1 January 2011 to the Latest Practicable Date: approximately HK$300,000	• Demand for fur products was strong due to the continuing expansion of Chinese domestic market and the economic recovery in Russia and South Korea and the company's sales of fur products in China have been satisfactory.
HK$2.59 million	General working capital of the Company	–	–	–

The Company disclosed in its prospectus dated 15 July 2011 that "As at the Latest Practicable Date, the Company has no specific target of investment and the Company has no immediate plan to invest in any of the major (top-ten bought) investments but is not precluded from doing so in the future". The Company has subsequently invested in Heritage International Holdings Limited, Dragonite International Limited and Rising Development Holdings Limited, which are companies in the top-ten bought investments of the Company.

The Company considers that the statement made in the prospectus was true and valid as at the latest practicable date for ascertaining information to be included in the prospectus, i.e., the Company did not have any plan at that relevant time to invest in the top-ten investments of the Company. It was also disclosed in the prospectus that the Company is not precluded from investing in the top-ten bought securities in the future. Accordingly, the Company considers that there had not been any changes to its investment plan when it subsequently invested in Heritage International Holdings Limited, Dragonite International Limited and Rising Development Holdings Limited.

The decision to invest in Heritage International Holdings Limited, Dragonite International Limited and Rising Development Holdings Limited are made by the Company with reference to the investment reports and the recommendation as provided by the Investment Manager, and approved by the Board based on the following considerations.

Heritage International Holdings Limited ("Heritage")

The Heritage's property portfolio appreciated in value with the increase in property prices in Hong Kong. The gain from changes in fair value amounted to approximately HK$4.2 million for the year ended 31 March 2011.

Heritage has a 20% interest in a company engaging in lottery related business in the PRC (the "PRC Company"). In view of the technological development in the PRC which allows for the sale of lottery tickets through internet, Heritage is recently considering diversifying its business into internet lottery business by increasing its investment in the PRC Company.

Recently, Heritage has developed a new line of business in traditional Chinese medicine industry through the operation of the Hon Chinese Medicine Clinic. This operation includes Chinese medical consultation and other Chinese manipulative therapy treatments such as acupuncture, tuina, moxibustion, fire cupping, Chinese herbalism and qigong. The management believes that the outlook of the Chinese medicine business is buoyant as Chinese medicine is gaining popularity especially among the younger generation.

Heritage has sufficient cash level and low gearing which enable it to get through economic volatility.

From a technical perspective, the stock price of Heritage has traded flat for a long period. Recently, turnover in its shares increased and the Company invested in this stock in anticipation of a technical rebound.

Dragonite International Limited ("Dragonite")

After a number of fund raising activities performed in Year 2010, the financial position of Dragonite has significantly improved.

In the first six months of 2011, Dragonite focused on developing the electronic cigarette business through new product innovation. Dragonite paid much attention to research and development of new products and plans to launch new products in the PRC prior to launching in overseas markets.

In view of the surge of the real estate market in the recent years, Dragonite holds a positive view towards the prospects of real estate market in Hong Kong, particularly the commercial and retail real estates and the board of Dragonite believes that the investment in real estate market is strategically sound. Dragonite entered into a sale and purchase agreement on 4 May 2011 to acquire the entire issued share capital of Central Town Limited for its interests in the property situated at the Basement, China United Centre, 28 Marble Road, North Point, Hong Kong.

Dragonite's research and development team recently achieved a major technical breakthrough advancing the vapor yield of the electronic cigarette. The new technology will be implemented in nine newly designed electronic cigarette models across three new product lines to be launched in the second half of 2011. In addition, Dragonite has greatly improved the taste and quality of its electronic cigarettes.

Dragonite held a trade conference in Beijing in early August 2011 for prospective new PRC distributors to introduce its new lines of electronic cigarettes. The conference was well–attended by distributors from all regions across the PRC. The responses from the distributors were very positive and various letters of intent were received.

Patents were granted in Canada, Japan, and Malaysia during the first half of 2011. Dragonite is expanding distribution of electronic cigarettes in many overseas markets. Dragonite has been approached by new prospective distributors and is also pursuing new innovative channels in certain markets. New orders have been received from several European countries for its new lines and product testing is underway in the United Kingdom, Greece, Netherlands, Malaysia and other markets.

From a technical perspective, the stock price of Dragonite has traded flat for a long period and it has traded in an upward trend recently, with continuing momentum.

Rising Development Holdings Limited ("Rising")

Vanadium price is still low in the metals market despite precious metal such as gold and silver have enjoyed significant increases. Rising had prepared itself to look for low cost techniques and refining methods in order to reduce the cost of production and at the same time increase profit margin. In the coming year Rising will aim for the commencement of initial extraction, and refining work to be carried out at a later stage.

The fur industry has fared well since late 2009, the huge decreases in overseas sales including Russia, the U.S. and other traditional markets are offset by increases in demand in China domestic market. The China fur industry expects another prosperous year ahead due to the earlier arrival of winter and the strong economic growth in China. Pelt prices have reached the 2008 high which is spurred on by sales increases of end products, and is expected to increase even further at the end of the year. Rising will continue to develop its fur ski trading business in a cautious manner in view of the volatile fur market.

Technically, the stock price of Rising traded in a downward trend for the past year and hit support at HK$0.90 with a view to a technical rebound in the near future.

Given that the application by 3D-Gold to resume trading has not been approved by the Stock Exchange, the Company has applied the unused portion of the proceeds from the rights issue for investment in securities investments as detailed above. As the investment in Dragonite International Limited on 12 September 2011 falls within the category of "further investment in listed securities" as stated in the prospectus of the Company dated 15 July 2011, the investment in Dragonite International Limited was not a change in the intended use of proceeds of the rights issue. Accordingly, the Directors consider that the intended use of proceeds disclosed in the prospectus was in compliance with Rule 2.13(2) of the Listing Rules and being accurate and not misleading.

Notwithstanding that Dragonite International Limited, Heritage International Holdings Limited and Rising Development Holdings Limited were top-ten loss making investments made by the Company in the past three years, the Company considers that investments in these companies were in compliance with the Company's investment policy, as the Company believed that these companies have growth potentials.

Save for the above, the Company has not carried out other capital raising activities in the past three years immediately preceding the date of this circular.

Set out below is the key financial information of the investee companies invested by the proceeds from the fund raising activities in the 12 months preceding the date of this circular:

	Bao Yuan Holdings Limited (stock code: 692) Year ended 31 Dec 2010 *HK$'000*	Dragonite International Limited (stock code: 329) Year ended 31 Dec 2010 *HK$'000*	Wo Kee Hong (Holdings) Limited (stock code: 720) Year ended 31 Dec 2010 *HK$'000*	Rising Development Holdings Limited (stock code: 1004) Year ended 31 Mar 2011 *HK$'000*	Tack Fiori International Group Limited (stock code: 928) Year ended 31 Mar 2011 *HK$'000*	Heritage International Holdings Limited (stock code: 412) Year ended 31 Mar 2011 *HK$'000*
Revenue	198,062	21,786	1,604,161	109,443	53,694	(171,624)
Profit/(Loss) before tax	(76,462)	(232,839)	38,519	(134,820)	(92,745)	(392,365)
Total assets	1,844,917	129,210	858,797	1,641,635	58,845	1,049,257
Total liabilities	(570,354)	(56,320)	(592,372)	(427,888)	(1,446,470)	(91,287)

The above financial information was extracted from the latest annual report of each investee company up to the Latest Practicable Date.

Reasons for the Rights Issue and intended use of proceeds

The Group is principally engaged in the business of investing in both listed and unlisted companies. The Underwriter is a company incorporated in Hong Kong with limited liability and is a subsidiary of Freeman. The Underwriter is principally engaged in the provision of securities brokerage services (including underwriting services).

The Board considers that it is prudent to finance the Group's long-term growth by long-term financing, preferably in the form of equity which will not increase the Group's finance costs. As at 31 December 2010, the Company had audited accumulated losses of approximately HK$359 million, and the Rights Issue will enable the Company to partially replenish its capital base which has been eroded by such accumulated losses. Furthermore, the Board considers that the Rights Issue will enable the Group to enhance its financial position for future strategic investments as and when such opportunities arise. The Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and to continue to participate in the future development of the Group. Accordingly, the Board considers that fund raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

As at 30 June 2011, the cash and bank balance of the Group was approximately HK$101 million which comprised of drawdown of a short term unsecured loan in the sum of HK$100 million on 29 June 2011. The Board was of the view that the stock market would perform better in the second half of 2011 when inflation begins to slow down, and the central bank of PRC would relax the money supply to improve the liquidity in the market. Hang Seng Index was traded at around 21,000 level at the end of June 2011. In anticipation of the relaxation of money supply by the central bank of PRC in the second half of 2011, the Board expected Hang Seng Index would rebound to the 25,000 level, which represents a growth of approximately 19%. If Hang Seng Index broke through the 25,000 level, it might further rebound to 32,000 level, which represents a growth of approximately 52%. Based on the expected growth in Hang Seng Index of approximately 19% to approximately 52%, the Company obtained a short term loan of HK$100 million from the lender, Mr. Chuang Eugene Yue-chien, in order to grasp the investment opportunities in the market and the Board expected the return on investments, if materialised, would be more than 10% on an annualised basis and bring a positive return on investments to the Company after taking into account the borrowing costs on the short term loan at 10% per annum which is in the interest of shareholders of the Company as a whole. Please refer to the first paragraph on page 58 of the circular for the performance of the Company in the past three years that the performance of the Company's existing investment portfolio was primarily due to the adverse change in the market conditions. As stated in the second paragraph on page 58 of the circular "The global markets have experienced a significant downward correction close to approximately 20% in August and September this year. The main reason for the correction has been primarily due to the escalation of the sovereign debt crisis of the Eurozone countries which increased risk aversion amongst investors and fund managers who have downsized their respective investment portfolios" which explained the market's performance was not as good as expected by the Board.

The Company has considered other fund raising alternatives such as the rights issue in June 2011. The reason for obtaining the short term unsecured loan is because the Company was cautiously optimistic towards the performance of the stock market in the second half of 2011. Subject to the fulfillment of conditions precedent, the rights issue in June 2011 may or may not proceed. In any case, it takes time to complete the rights issue even if it proceeds. Therefore, the Company obtained the short term unsecured loan to provide financial flexibility to allow the Company to grasp investment opportunities with immediately available fund should they arise.

(a) The use of the short term unsecured loan by the Company was as follows:–

The Company has used the short term unsecured loan to the extent of approximately HK$65 million as follows:–

			Profit/(Loss)	
	Name of securities bought	Investment amount	Realised	Unrealised
		HK$m	*HK$m*	*HK$m*
(a)	Kingston Financial Group Ltd	21.67	–	(6.75)
(b)	Mascotte Holdings Ltd	40.40	1.33	(2.58)
(c)	Bao Yuan Holdings Ltd	2.93	0.05	–
		65.00		

The remaining unused amount of the short term unsecured loan in the sum of HK$35 million was repaid to the lender. The Company had obtained another short term unsecured loan in the sum of HK$75 million from Time Beyond Limited, a subsidiary of Mascotte Holdings Limited, to repay the balance of HK$65 million together with the accrued interest in the sum of HK$549,315.07 on 25 July 2011. The Company invested HK$40.4 million of the short term unsecured loan from Mr. Chuang to subscribe for new shares issued by Mascotte Holdings Limited. Subsequently, the Company repaid HK$65 million of the loan together with the accrued interest of HK$549,315.07 on 25 July 2011 by the loan from Mascotte Holdings Limited for reason disclosed in Note 4 on page 50 of this circular.

The investment in Kingston Financial Group Limited was made based on the following factors:–

- the group's turnover increased from HK$414 million to HK$541 million, representing a growth of 31% which comprised of the increase in revenue from hotel operation, including food and beverage sale and other rental income from HK$131 million to HK$159 million, representing a growth of 21%, and the increase in revenue from casino operation from HK$283 million to HK$382 million, representing a growth of 35%.

- the growing demand for newly renovated guest rooms has proved continuous room renovation a success, leading to improved room rates and occupancy rate.

- the group's casino consistently provided solid contributions to the group in line with the rapid development of the gaming industry in Macau. The group strengthened its membership programmes by providing a variety of incentives to members to increase their spending in the casinos. The group will also further strengthen its relationship with travel agencies and offer packages and joint promotions with business partners to broaden the scope of hotel customers.

- the global equity market had been stable throughout year 2010. Accordingly, the group's trading securities recorded a revaluation gain of approximately HK$4.7 million.

The investment in Mascotte Holdings Limited was made based on the following factors:–

- following recovery of sales in the major markets to levels achieved prior to the financial tsunami, the group's manufacturing segment reported a contribution of approximately HK$10.2 for the six months under review and turnover has increased from HK$76.7 million to HK$103.5 million, representing a growth of 35%.

- the company has entered into a preliminary agreement in relation to the possible acquisition of a 50.1% majority interest in Sun Materials Technology Co. Ltd., a company which has developed and patented a new and innovative technology to manufacture polycrystalline silicon, the primary raw material used in the solar energy value chain. The acquisition, if it materialises, will enable the company to enter into the clean technology market, diversify and broaden the group's long term sustainable income base.

- technically, the stock price traded above the uptrend and got strong support at the lower band at HK$0.4651. The chart showed out the upward momentum of the stock price which should go up sooner or later.

Terms and conditions:

Loans advanced from	Mr. Chuang Eugene Yue-chien (Loan#1)	Time Beyond Limited (Loan#2)
Facility amount *(Note 1)*	HK$100,000,000	HK$75,000,000
Interest rate	10% per annum *(Note 2)*	1% flat for the loan period (approximately 17.3% on an annualised basis) *(Note 3)*
Repayment date	25 July 2011 *(Note 4)*	11 August 2011 *(Note 5)*

Note 1: The Company's borrowing power under Rules 21.08(6) is HK$160,000,000. Both Loan#1 and Loan#2 were made in compliance with the Company's borrowing power.

Note 2: The interest rate for margin financing offered by securities broker to the Company was approximately 6% – 8%. The interest rate for unsecured loans advanced by banks was in general at least 8%. Taking into account the time to apply for such loans, and the chance of successfully obtaining such loans, and the availability of other funding alternatives, the interest rate on the short term unsecured loan at 10% p.a. is about the market rate.

Mr. Chung Yuk Lun ("Mr. Chung"), the Chairman and an executive Director of the Company, knows Mr. Chuang, Eugene Yue-chien ("Mr. Chuang") for over 20 years and approached Mr. Chuang for Loan#1.

The Directors are of the view that the terms and conditions of Loan#1 were fair and reasonable and in the interest of the shareholders as a whole because:–

(a) Loan#1 was an unsecured loan which did not require the Company to put up collaterals;

(b) the interest rate was about the market rate;

(c) the size and availability of Loan#1 enabled the Company to consummate its cautiously optimistic view toward the performance of the stock market in the second half of 2011, which if materialised, would bring a positive return to the Company.

Note 3: (a) The interest rate of Loan#2 is 1% flat for the loan period, which is 3 weeks. On an annualised basis, the interest rate of Loan#2 is approximately 17.3% which is higher than the interest rate of Loan#1 at 10% per annum.

(b) The Company had considered bank borrowings. However, the Company did not have collaterals acceptable to the banks as its securities investments had already been pledged to securities brokers. Besides, those securities investments were non-blue chip stocks which might not be accepted by banks as collaterals. Therefore, the Company did not apply for bank borrowings.

Note 4: The Company has repaid the loan as to HK$35 million on 8 July 2011 by using the unused amount of the loan in the sum of HK$35 million; and as to HK$65 million together with the total interest paid for the advance of Loan#1 in the sum of HK$549,315.07 on 25 July 2011 as requested by the lender pursuant to the repayment on demand clause of the loan agreement by using the loan advanced by Time Beyond Limited, a licensed money lender. The Company had considered bank borrowings to repay Loan #1 instead of borrowing Loan #2. However, the Company did not have collaterals acceptable to the banks as its securities investments had already been pledged to securities brokers. Besides, those securities investments were non-bluechip stocks which might not be accepted by banks as collaterals. Therefore, the Company did not apply for bank borrowings. Mr. Chung knows Mr. Lo Yuen Wa Peter ("Mr. Lo"), who is an executive director and managing director of Mascotte Holdings Limited, for several years and approached Mr. Lo for Loan #2.

Note 5: None of the loan of HK$75 million loan from Time Beyond on 22 July 2011 was used for investment purpose. Loan#2 had been repaid by the Company by using the sales proceeds from disposal of securities investment on 11 August 2011.

The Company did not have any other business relationship with Time Beyond Limited or its associates in the past three years. Time Beyond Limited is independent third party of the Company and its connected person under the Listing Rules. Mr. Chuang was the ultimate substantial shareholder of Hennabun Capital Group Limited ("Hennabun") from 30 June 2008 to 30 September 2009 and deemed to be interested in the continuing connected transactions of investment management services provided by the Investment Manager and the financial services and margin financing facility provided by Chung Nam Securities Limited from 30 June 2008 up to 30 September 2009 as the Investment Manager and Chung Nam Securities Limited are subsidiaries of Hennabun. Next Method Limited, a subsidiary of the Company had invested in 255,000 shares of Hennabun since 8 December 2009, representing approximately 0.05% of the entire issued share capital of Hennabun as at the Latest Practicable Date. To the best knowledge of the Company, Time Beyond Limited is a third party independent of Mr. Chuang. Save as disclosed, the Company did not borrow from Mr. Chuang or Mascotte Holdings Limited in the past three years.

The cash and bank balance of the Group as at the Latest Practicable Date is approximately HK$8.03 million, whereas the aggregate outstanding borrowings as at 26 October 2011 and 23 December 2011 are totally HK$50 million. The Directors are of the view that the Company has immediate funding need for its working capital and existing business as currently the Company does not want to further increase its borrowings. The net proceeds of the Rights Issue are approximately HK$122.89 million and the net proceeds per Rights Share are approximately HK$0.143. It is intended that the net proceeds from the Rights Issue, as well as the net proceeds from the exercise of the subscription rights attached to the Bonus Warrants (which amounts to approximately HK$10.68 million) will be used as follows:

	HK$million (approximately)
General working capital *(Note 1)*	12
Investment in listed securities including but not limited to CC Land Holdings Limited, Chong Hing Bank Limited, Renhe Commercial Holdings Company Limited, Freeman Financial Corporation Limited and the existing investment portfolio of the Company *(Note 2)*	121.57
Total	133.57

Note 1

Detailed expected breakdown of working capital requirement

	HK$('000)
Audit fee	200
Investment Manager fee	1,200
Legal & professional fee	110
MPF Contribution expenses	195
Rent & Rates	1,815
Payment to Registrar	114
Payment to Stock Exchange	198
Printing & Stationery expenses	148
Staff Salaries	7,029
Others	991
Total:	**12,000**

The Company's general working capital need in the sum of approximately HK$12 million is based on the cashflow forecast of the Company for the next twelve months. The increase when compared with the actual amount incurred up to 30 November 2011 in the sum of approximately HK$11.13 million was mainly due to the increase in the number and the salary of directors and staff, the increase in the investment management fee and the increase in rent for the new office.

The increase in salary of directors in the sum of approximately HK$2.80 million was mainly due to the increase in the number of directors from 7 at the beginning of 2011 to 10 at the end of June 2011 and to 7 at the Latest Practicable Date coupled with the increase in the salary of existing directors taking into account of the inflation factors and their years of service.

The increase in the investment manager fee from HK$60,000 per month to HK$100,000 per months was as a result of inflation and the higher costs for the Investment Manager to retain qualified staff.

The increase in the rent for the new office of the Company from HK$72,000 per month to HK$101,275 per month as the Company has relocated to a new office with bigger size and the rent per square foot increased from HK$22 to HK$25 to reflect the buoyant lease market condition.

The major components of the working capital of the Company are rent, staff salaries and the fee of the investment manager. The Company will initially use the cash and bank balances to meet the Company's working capital requirements. When such cash and bank balances are exhausted, the Company would at such time sell part of its investment portfolio and/or utilise its existing credit facilities and/or undertake further fund raisings from the capital markets to meet the Company's working capital requirements.

Note 2

Further details in relation to intended use of proceeds

Depending on and subject to there being willing sellers at a price acceptable to the Company, the Company intends to invest between HK$18 to HK$60 million in each of C C Land Holdings Limited, Chong Hing Bank Limited and Renhe Commercial Holdings Company Limited, and between HK$5 to $15 million in Freeman Financial Corporation Limited.

Given the Company is a Chapter 21 Investment Company, and owing to the nature of its business, the Company's investment plan may be adjusted as a result of various factors including changes in market conditions and availability of new investment opportunities. In the event that the Company changes the intended use of proceeds from the Rights Issue and the Bonus Warrant Issue, the Company will notify Shareholders promptly via a separate announcement.

The Company intends to invest between HK$18 to HK$60 million in its existing investment portfolio which includes Cross-Harbour (Holdings) Limited, Mascotte Holdings Limited, China Tycoon Beverage Holdings Limited, China Strategic Holdings Limited, Willie International Holdings Limited, Hanny Holdings Limited, Dragonite International Limited, Heritage International Holdings Limited, Enerchina Holdings Limited, Culture Landmark Investment Limited, Wo Kee Hong (Holdings) Limited, Forefront Group Limited, Unity Investments Holdings Limited, Tack Fiori International Group Limited, China Environmental Energy Investment Limited, Rising Development Holdings Limited, Kingston Financial Group Limited, Suncorp Technologies Limited, Beijing Yu Sheng Tang Pharmaceutical Group Limited, Sinolink Worldwide Holdings Limited, Longlife Group Holdings Limited, China Public Healthcare (Holding) Limited, Code Agriculture (Holdings) Limited, Inno-Tech Holdings Limited and China New Energy Power Group Limited, all of which are listed on the Stock Exchange.

The Company intends to invest in the following investee companies for the following reasons:–

(1) CC Land Holdings Limited ("CC Land")

CC Land is engaged in the business of property development in the western region of the PRC, and the manufacturing of packaging and luggage. The performance and prospects of CC Land are as follows:–

PRC property development business

(i) CC Land's revenue reached a record high of HK$1,360.4 million in the first half of 2011, an increase of 100% over the first half of 2010;

(ii) The property development business of CC Land reported revenues of HK$1,027.9 million, representing an increase of 144% compared with the corresponding period of 2010. The gross profit margin has improved from 13% in the first half of 2010 to 32% in the first half of 2011 as a result of the increase in the average selling price of its properties;

(iii) CC Land's total land bank is approximately 11 million square metres, of which about 39%, i.e. 4.3 million square metres, are expected to be under development by the end of 2011. CC Land is financially strong with a net cash position which enables it to acquire a land bank with great upside potentials and to diversify into key western cities in the PRC such as Xian. CC Land expects to increase its output by an average growth rate of at least 20% per annum in the coming years;

(iv) CC Land has formed a strategic partnership with New World China Land Limited on a joint development project which comprises of a 5-star luxury hotel and service apartments with an aggregate gross floor area of approximately 96,000 square metres; and

(v) CC Land intends to continue to build up its investment property portfolio in the next four years to obtain recurrent rental income and cash flow.

Manufacturing business

(i) CC Land's revenue reached approximately HK$302.3 million in the first half of 2011, compared with HK$255 million in the last corresponding period, representing an increase of 18.5%;

(ii) CC Land strived to lower production costs, improve production efficiency and enhance worker efficiency by imposing cost control over raw material purchases and promoting job function integration amongst workers;

(iii) The manufacturing business recorded a profit of HK$23.5 million in the first half of 2011 as compared to HK$16.4 million in the last corresponding period, representing an increase of approximately 43.3%; and

(iv) Driven by urbanisation and industrialisation, the PRC economy continues to grow at a high growth rate. US economic growth has been slower than expected but will build up in the second half of 2011 and beyond. Europe's market conditions remain favorable for the CC Land's packaging and luggage businesses. CC Land's management is optimistic that orders will remain at a high level in the foreseeable future

Treasury investment business

CC Land's treasury investment business reported a gain of HK$116.3 million in the first half of 2011, compared with HK$11.1 million in the last corresponding period, representing an increase of approximately 947.7%.

Summary

Technically the RSI of CC Land is at about 59.78 and increasing. There is still room for further increases before it reaches the overbought region of 70 level which indicates the share price of CC Land may go up with RSI going up. Daily turnover also increased. Strategically, investors should follow the up-trend and seise any upside potentials.

(2) Chong Hing Bank Limited ("Chong Hing")

(i) Chong Hing is engaged in the provision of banking and related financial services. For the financial year of 2010, the audited net operating profit amounted to HK$540 million, an increase of 62.8% over that of the last corresponding period. Recurrent operating expenses continued to be kept under control and rose by less than 1%;

(ii) Chong Hing's core business lines and overall financial health are sound. Chong Hing's non-performing loan ratio is low and asset quality is good. Its capital adequacy and liquidity ratios are well above the relevant statutory requirements;

(iii) Chong Hing continued to develop its mainland business. Its Shantou Branch recorded steady growth in both deposits and loans in 2010 and was admitted to participate in the development of the cross-border Renminbi business;

(iv) Chong Hing's insurance business recorded steady improvement and its premium related income increased at double-digit rates, and is expected to further expand its market share in the SME and personal insurance sectors;

(v) Supported by government policies, Hong Kong is expected to strengthen its financial cooperation with the Guangdong Province. As Hong Kong's economy steadily recovers, the PRC's economy thrives, and the internationalisation of Renminbi accelerates, Chong Hing will tap into the deepening financial interaction between the PRC and Hong Kong, thereby further consolidating its base for future growth; and

(vi) Chong Hing's stock price has traded lower because of the European financial crisis. Chong Hing experienced a technical rebound and stayed above the 50 days moving average level. If market sentiments improve, it is envisaged that Chong Hing's stock price could climb above the 200 days moving average level.

(3) Renhe Commercial Holdings Company Limited ("Renhe")

(i) Renhe is engaged in the development, lease and management of underground shopping malls in various cities in the PRC. At present, there are substantial spaces under development at prime commercial areas in the PRC for Renhe to take up. Renhe plans to strengthen its market leading position for future growth;

(ii) For the six months ended 30 June 2011, Renhe recorded a consolidated revenue of RMB2,066.2 million, compared with RMB944.3 million in the last corresponding period, representing an increase of about 118.8%. Lease income increased by 152.3% to RMB166.3 million while revenue from transfer of operation rights rose by 116.3% to RMB1,899.9 million;

(iii) Renhe's gross floor area under management substantially increased by 78% to approximately 1.3 million square metres. Renhe currently has 14 projects under construction across 11 cities in the PRC with a record cumulative gross floor area under construction of 1.76 million square metres. Moreover, Renhe has already achieved 80% of its construction target for 2011;

(iv) The projects of the underground shopping centers, which are operated and developed by Renhe, are not targeted by measures advocated by the PRC government to curb the overheating real estate market; and

(v) Technically, Renhe's RSI is increasing and there is still room for further increases. Daily turnover is low which indicates that the market is not particularly focused on Renhe. Its stock price continues to increase incrementally, which presents a buying opportunity.

(4) Freeman Financial Corporation Limited ("Freeman")

(i) Freeman is engaged in, inter alia, the trading of securities, provision of finance, securities brokerage and investment holding. With regard to the vast market potential in the fund management industry, Freeman is exploring the establishment of one or more growth/opportunity/other investment funds to capture investment opportunities in the financial services sector to generate potentially lucrative returns. Looking forward, Freeman is optimistic about the prospect of the financial market and will continue to explore new business opportunities or investments;

(ii) The investment highlight of Freeman include:–

– the property market continued to boom during the year ended 31 March 2011. Freeman recorded a gain from increase in fair value for its investment properties of approximately HK$5.4 million;

– Freeman continued to provide finance to various borrowers which carried interest rates ranging from 5% per annum to 24% per annum and recorded a significant interest income from the provision of finance of approximately HK$41.6 million for the year ended 31 March 2011, representing an increase of approximately 74% compare with HK$23.9 million in 2010, as a result of increase in financing activities;

– gross rental income increased to HK$7.5 million, representing an increase of approximately 88% compare with to HK$4.0 million in 2010, which was mainly attributable to the increased rental income as a result of the booming property market; and

(iii) Technically, the market sentiment has improved. But the stock price was trading at lower levels and seemed to lack momentum. The RSI has been climbing higher leading to a higher daily turnover.

(iv) The new development on repatriating RMB to the Mainland is likely to encourage more companies to consider raising RMB in Hong Kong and this will benefit the securities business in Hong Kong.

(v) If European and US crisis worsens, China's GDP growth would fall below 8%, triggering more stimulus and rebound to the listed companies. China's policy making system means stimulus policies can be executed more effectively. There is room for more stimuli in China's economy.

(vi) Under Hong Kong Stock Exchange Strategic Plan for 2010-2012, they committed to attracting new listings from Greater China and other important markets. While they will continue to be a major listing centre for Mainland Chinese companies, they expect more and more international companies with an Asian nexus to consider listing in Hong Kong.

The historical financial performance of the Company has been affected by, amongst others, the decline in market conditions and sentiment. As a matter of fact, the historical financial results of certain large companies experienced declines as well. For instance, the Company noted that the profit attributable to shareholders of the following companies (all of which are constituents of the Hang Seng Index) for the six-month period ended 30 June 2011 all experienced declines as compared to the six-month period ended 30 June 2010: Li & Fung Limited (Stock code: 494, declined by approximately 15%), Cathay Pacific Airways Limited (Stock code: 293, declined by approximately 59%), Hengan International Group Company Limited (Stock code: 1044, declined by approximately 2%), China Unicom (Hong Kong) Limited (Stock code: 762, declined by approximately 9%), Aluminum Corporation of China Limited (Stock code: 2600, declined by approximately 13%) and China Life Insurance Company Limited (Stock code: 2628, declined by approximately 28%). The Company also noted that profit attributable to shareholders of Esprit Holdings Limited (Stock code: 330, also a constituent of the Hang Seng Index) for the year ended 30 June 2011 declined by approximately 98% as compared to year ended 30 June 2010. On the other hand, the current dampened market conditions and sentiment also provide the Company with the opportunity to use the Rights Issue proceeds to acquire investments and reap potential gains for the Company in any future recovery of the general economy and the stock market. Such potential gains would help to create shareholders value and improve the financial performance of the Company.

The main reason why the Company may still invest in those major investments is because of the Company's belief that the historical loss resulted from those investments does not mean that they will not have a turnaround in their earnings in future. Therefore, the Company will continue to make investments in accordance with its objectives, policy and procedures. The Company intends to further invest in the Company's existing investment portfolio in order to average down the investment costs of the existing stocks.

The Group will not in any event take effective management control or own or control more than 30% of the voting rights in any investee company.

It is noted that the Investment Manager primarily provides investment reports and advice to the Company from time to time. It is the Company and the Board who decide whether to proceed with a particular investment. The Company will review investment reports provided by the Investment Manager before making the investment decisions. The Company will also monitor and review the performance of its investments on an on-going basis so that the Board will take necessary actions based on the then surrounding circumstances.

The Company's top ten investments bought and the top ten loss making investments in the past three years were recommended by the Investment Manager and approved by the executive Directors. However, investment returns depend on many factors including market conditions and sentiment which are out of the control of the Company and the Investment Manager. Therefore, it is not the sole responsibility of the Investment Manager for causing the Company's poor financial performance in the past. Instead, as analysed by Vinco Capital, the Independent Financial Adviser, in its letter of advice to the Independent Board Committee and the Independent Shareholders which is set out in the section headed "Reasons for the Rights Issue and proposed use of proceeds" of this circular stated that (a) The NAV per Share has recorded a rate of change underperforming the performance of Hang Seng Index during the three years ended 31 December 2010; (b) there were 7 out of 21 investment companies which underperformed Hang Seng Index in 2008; (c) there were 17 out of 21 investment companies which underperformed Hang Seng Index in 2009; (d) there were 8 out of 21 investment companies which underperformed Hang Seng Index in 2010; (e) there were 2 out of 21 investment companies which recorded underperformance for the three years ended 31 December 2010; and (f) 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 during the three years ended 31 December 2010 is not the only case among the investment companies in the market.

The global markets have experienced a significant downward correction close to approximately 20% in August and September this year. The main reason for the correction has primarily been due to the escalation of the sovereign debt crisis of the Eurozone countries which increased risk aversion amongst investors and fund managers who have downsized their respective investment portfolios. The Board is of the view that notwithstanding the recent volatile market conditions, the leaders of the Eurozone countries will strive to work out a plan to contain the adverse impact likely to be caused by the Eurozone government debts especially if Greece eventually defaults on the repayment of its debts. When global capital markets stabilise, the Board is of the view that new funding for investments will flow to the PRC which has been currently outperforming its counterparts such as the US and Europe, such that its growth in Gross Domestic Product for 2011 and 2012 is expected to reach approximately 9% and 8% respectively. Inflation in the PRC has also already reached its peak and has started to slow down gradually. In addition, the central bank of the PRC may relax the supply of money shortly, which is a good indicator for the sustainability of the future economic growth of the PRC, and will certainly benefit Hong Kong. For instance, the central government of the PRC has officially announced that Hong Kong will become an offshore Renminbi market which will be important for the domestic economic growth of Hong Kong in the next decade as it is expected to bring further business and investment opportunities to Hong Kong. In order to capture such business and investment opportunities in both the PRC and Hong Kong on a timely basis, it is necessary for the Group to raise funds by way of the Rights Issue which is in the interest of the Shareholders and the Company as a whole.

All the fund raising activities in the past were approved by the Shareholders except the rights issue voted down by the Shareholders in June 2011 as certain Shareholders had their own vested interest and/or motive.

(a) Each fund raising activity conducted by the Company was an independent event and was made based on the circumstances surrounding that particular fund raising activity. When deciding whether to approve and participate in the Rights Issue, Shareholders should have regard only to the merits of this particular Rights Issue.

(b) The Company acknowledges that there is room for improving its financial performance. However, the share price performance of even big companies like HSBC (stock code: 5) and Esprit (stock code: 330) were not performing well when the Hang Seng Index fell from 24,000 in April 2011 to 16,000 in September 2011. Therefore the Company would like to raise funds in order to take advantage of the current market conditions to acquire investments and reap potential gains in any future recovery of the general economy and the stock market. The Company believes that this course of action would serve to improve the financial performance of the Company going forward, and would be supported by Shareholders.

(c) For Shareholders not taking up the Rights Issue, please see the prior section headed "Terms of the Rights Issue and the Bonus Warrant Issue".

(d) The previous rights issue proposed in April 2011 did not have an attached Bonus Warrant Issue and is different from the Rights Issue currently being proposed. The Bonus Warrant Issue is designed to encourage Shareholders to take up their entitlements under the Rights Issue so as to participate in the future growth of the Company.

As mentioned in the prior section headed "Terms of the Rights Issue and the Bonus Warrant Issue", the Directors believe that the Shareholders will be willing to participate in the Rights Issue because of (a) the discount of the Subscription Price to the current market price, theoretical ex-rights price (excluding the effect of the Bonus Warrants) and net asset value per Share, (b) the Bonus Warrants that will be issued to Shareholders taking up the Rights Shares, and (c) the Company is able to take advantage of current market conditions and use the Rights Issue proceeds to acquire investments and reap potential gains for the Company in any future recovery of the general economy and the stock market. Shareholders as a whole will benefit from such potential gains and from the potential growth of the Company.

The Company raised only approximately HK$54 million in gross proceeds pursuant to the rights issue announced in June 2011. All of such proceeds have been utilised. Please refer to the section headed "Fund raising exercise of the Company during the past three years" for details of the use of proceeds. In addition, the factors highlighted under (b) and (c) in the paragraph above did not exist when that rights issue was conducted. Consequently, the Directors are of the view that the Rights Issue is fair and reasonable to Shareholders as a whole even though the Company successfully raised funding pursuant to the rights issue announced in June 2011.

Currently shares are trading at a price/earnings ratio of only around 10.3 times on average which represents a significant discount and below the historical average of 15 times. The room for potential gain may reach approximately 50% if such shares return to their historical price/earnings ratio. Though global markets are expected to be very volatile in the immediate short term, the Company believes that global markets will reflect the earning potential and future prospects of both the PRC and Hong Kong economies. Therefore, the Company is confident that new funds for investments will flow to the PRC and Hong Kong markets in 2012 when the markets become stable and such timing matches with the expected completion of the Company's proposed Rights Issue in March 2012.

Changes in the shareholding structure of the Company

Set out below is the shareholding structure of the Company assuming that there is no change in the shareholding structure of the Company from the Latest Practicable Date until such date falling immediately after completion of the Rights Issue and the Bonus Warrant Issue, and assuming there shall be no further issue of new Shares or repurchase of Shares on or before the Record Date.

			Before exercise of Bonus Warrants				After exercise of all Bonus Warrants			
	As at the Latest Practicable date		Shareholding after the Rights Issue (assuming all Shareholders take up their entitlements)		Shareholding after the Rights Issue (assuming no Shareholders take up their entitlements)		Shareholding after the Rights Issue and the Bonus Warrant Issue (assuming all Shareholders take up their entitlements)		Shareholding after the Rights Issue and the Bonus Warrant Issue (assuming no Shareholders take up their entitlements)	
	No. of Shares	*Approximate %*	*No. of Shares*	*Approximate %*	*No. of Shares*	*Approximate %*	*No. of Shares*	*Approximate %*	*No. of Shares*	*Approximate %*
Freeman *(Note)*	9,911,000	4.62	49,555,000	4.62	9,911,000	0.92	59,466,000	4.62	9,911,000	0.77
Substantial Shareholder										
Chan Chak Kai Kenneth	25,000,000	11.65	125,000,000	11.65	25,000,000	2.33	150,000,000	11.65	25,000,000	1.94
Public Shareholders	179,753,076	83.73	898,765,380	83.73	179,753,076	16.75	1,078,518,456	83.73	179,753,076	13.96
Underwriter *(Note)*	–	–	–	–	858,656,304	80.00	–	–	1,073,320,380	83.33
Total	214,664,076	100.00	1,073,320,380	100.00	1,073,320,380	100.00	1,287,984,456	100.00	1,287,984,456	100.00

Note:

The Underwriter is a subsidiary of Freeman. Freeman is in turn an indirect substantial shareholder (as defined under the Listing Rules) of CU Investment Management Limited, the investment manager of the Company. The Underwriter is therefore a connected person of the Company under Chapter 14A of the Listing Rules. As at the Latest Practicable Date, to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, Freeman (through a subsidiary) holds 9,911,000 Shares, representing approximately 4.62% of the issued share capital of the Company.

As set out above, in the event that the Underwriter is called upon to subscribe for all the Rights Shares pursuant to its obligations under the Underwriting Agreement, the interest of the Underwriter in the issued share capital of the Company immediately after completion of the Rights Issue would increase from nil to 80% before the Bonus Warrant Issue becoming effective or from nil to approximately 83.33% assuming full exercise of the subscription rights attached to the Bonus Warrants upon the Bonus Warrant Issue becoming effective. However, pursuant to the Underwriting Agreement, the Underwriter has undertaken to the Company that:

(a) the Underwriter shall, whether by itself or together with the parties acting in concert (as defined in the Hong Kong Code on Takeovers and Mergers) with it (if any), be under no circumstances hold 30% or more of the issued share capital of the Company immediately after completion of the Rights Issue;

(b) the Underwriter shall, in fulfillment of its underwriting obligations under the Underwriting Agreement subscribe for (or procure subscribers for) any Underwritten Shares not taken up, procure that the subscribers procured by it and/or its sub-underwriter(s) and/or the subscribers procured by such sub-underwriter(s), are not parties acting in concert with it, so that it, together with parties acting in concert with it (if any) will not become the controlling shareholders of the Company immediately after completion of the Rights Issue; and

(c) the Underwriter shall, in fulfillment of its underwriting obligations under the Underwriting Agreement procure subscribers for any Underwritten Shares not taken up, ensure that the subscribers procured by it and/or its sub-underwriter(s) and/or the subscribers procured by such sub-underwriter(s) are independent of and not connected with the Directors, the chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective associates such that the Company will be able to comply with the minimum public float requirement set out in Rule 8.08 of the Listing Rules.

The Company has been informed by the Underwriter that the Underwriter has entered into sub-underwriting agreements only with independent third parties not connected with the Company, and has imposed the same conditions as described under (a) to (c) above on such sub-underwriters under sub-underwriting agreements entered into between the Underwriter and such sub-underwriters.

(II) CONNECTED TRANSACTION

Implications under the Listing Rules

The Underwriter is a subsidiary of Freeman. Freeman is in turn an indirect substantial shareholder (as defined under the Listing Rules) of CU Investment Management Limited, the investment manager of the Company. The Underwriter is therefore a connected person of the Company under Chapter 14A of the Listing Rules. As at Latest Practicable Date, to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, Freeman (through a subsidiary) holds 9,911,000 Shares, representing approximately 4.62% of the issued share capital of the Company.

Accordingly, the transactions contemplated under the Underwriting Agreement (including the Commission Payment) constitute connected transactions under Chapter 14A of the Listing Rules. Any issue of the Rights Shares to the Underwriter under the Underwriting Agreement is exempt from the reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.31(3)(c) of the Listing Rules. As the Commission Payment to be received by the Underwriter pursuant to the Underwriting Agreement is approximately HK$4.6 million and the relevant percentage ratios (other than the profits ratio) as defined in the Listing Rules are less than 5%, the Commission Payment constitutes a connected transaction which is only subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirements under Rule 14A.32 of the Listing Rules.

Freeman and its associates, having a material interest in the Rights Issue and the Bonus Warrant Issue, to the extent they hold Shares at the time when the EGM commences, will be required to abstain from voting at the EGM in respect of resolutions approving the Rights Issue and the Bonus Warrant Issue.

Mr. Pak William Eui Won is a director of the subsidiaries of Hennabun Capital Group Limited, who holds 120,000 Shares representing approximately 0.06% of the issued share capital of the Company as at the Latest Practicable Date. To the extent he holds Shares at the time when the EGM commences, Mr. Pak will abstain from voting at the EGM in respect of the ordinary resolutions approving the Rights Issue and the Bonus Warrant Issue.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, no directors of Freeman hold Shares in the Company. Accordingly, any directors of Freeman, to the extent they hold Shares at the time when the EGM commences, will be required to abstain from voting at the EGM in respect of the ordinary resolutions approving the Rights Issue and the Bonus Warrant Issue.

None of the Directors have any material interest in the Underwriting Agreement and none of them has abstained from voting on the board resolutions.

(III) PROPOSED CAPITAL REORGANISATION

The Board proposes to put forward to the Shareholders a proposal at the EGM to effect the Capital Reorganisation comprising the following:–

(a) Capital Reduction: the reduction of the nominal value of every issued Share of HK$0.10 each to HK$0.01 each by cancelling HK$0.09 paid up capital on each issued Share;

(b) the credit arising from such capital reduction will be applied to set-off the accumulated losses of the Company and the balance (if any) will be transferred to a distributable reserve account of the Company; and

(c) Share Subdivision: following the Capital Reduction above, every Share of HK$0.10 each in the authorised but unissued share capital of the Company will be subdivided into ten Adjusted Shares of HK$0.01 each.

As at the Latest Practicable Date, the Company has 214,664,076 Shares in issue. Upon the completion of the Rights Issue assuming there shall be no further issue of new Shares or repurchase of Shares, the number of the Rights Shares to be allotted and issued shall be 858,656,304 and the authorised capital of the Company shall be HK$1,000,000,000 divided into 10,000,000,000 Shares of HK$0.10 each, of which 1,073,320,380 fully-paid Shares shall have been issued. Immediately upon completion of the Capital Reorganisation, the par value of each Share shall be reduced from HK$0.1 to HK$0.01, and the authorised capital of the Company shall be HK$1,000,000,000 divided into 100,000,000,000 Adjusted Shares whereas the issued share capital of the Company shall be HK$10,733,203.8 divided into 1,073,320,380 Adjusted Shares. As at the Latest Practicable Date, there are 11,718 share options that may fall to be issued under the Share Option Scheme of the Company, and saved as disclosed herein the Company has no warrants or other securities convertible into or giving rights to subscribe for the Shares as at the Latest Practicable Date. The Company has warranted in the Underwriting Agreement not to issue any Shares or issue or grant any options or other securities convertible into, exchangeable for or which carry rights to acquire Shares from the date of the Underwriting Agreement until after the Record Date.

Together with the Rights Shares expected to be allotted and issued, there shall be 1,073,320,380 Adjusted Shares in issue following the Capital Reorganisation. Based on 1,073,320,380 Adjusted Shares in issue, the issued share capital of the Company will be reduced from HK$107,332,038 to HK$10,733,203.8 which in turn will give rise to a total credit of approximately HK$96.60 million on the cancellation of the paid-up capital which will be credited to a distributable reserve account of the Company. The sum in the distributable reserve account will be applied for such purposes as permitted by the laws of the Cayman Islands, including setting off the accumulated losses of the Company. As at 31 December 2010, the Company had audited accumulated losses of about HK$359 million and as at 30 June 2011, the Company had unaudited accumulated losses of about HK$341 million. The total credit of HK$96.60 million will be used to partially set off the accumulated losses of the Company. The reserves of the Company were approximately HK$143 million as shown in the audited financial statements of the Company for the year ended 31 December 2010.

While it is the Company's intention to conduct the proposed Rights Issue, the Bonus Warrant Issue and the Capital Reorganisation in accordance with the timetable outlined in this circular, the Company wishes to point out that the Capital Reorganisation is not dependent on the completion of the Rights Issue. In the event that the Rights Issue does not proceed, the Capital Reorganisation will proceed based on the Company's existing issued and unissued share capital, as detailed below.

Assuming that the Rights Issue does not proceed and assuming there shall be no further issue of new Shares or repurchase of Shares on or before the effective date of the Capital Reorganisation, the number of issued Shares of the Company shall be 214,664,076 immediately before the Capital Reorganisation. The authorised capital of the Company shall be HK$1,000,000,000 divided into 100,000,000,000 Adjusted Shares whereas the issued share capital of the Company shall be HK$2,146,640.76 divided into 214,664,076 Adjusted Shares upon the Capital Reorganisation becoming effective.

Based on 214,664,076 Shares in issue, the issued share capital of the Company will be reduced from HK$21,466,407.6 to HK$2,146,640.76 which in turn will give rise to a total credit of approximately HK$19.32 million on the cancellation of the paid-up capital which will be credited to a distributable reserve account of the Company. The sum in the distributable reserve account will be applied for such purposes as permitted by the laws of the Cayman Islands, including setting off the accumulated losses of the Company. The total credit of HK$19.32 million arising aforesaid and credited to the distributable reserve account will be used to partially set off the accumulated losses of the Company.

Conditions of the Capital Reorganisation

The implementation of the Capital Reorganisation is conditional upon:

(a) the passing of a special resolution by the Shareholders at the EGM to approve the Capital Reorganisation;

(b) compliance with any conditions which the Court may impose;

(c) the confirmation of the Capital Reduction by the Court and the registration by the Registrar of Companies in the Cayman Islands of a copy of the Court order and the minutes containing the particulars required under the Companies Law; and

(d) the Listing Committee granting the listing of, and permission to deal in, the Adjusted Shares.

No Shareholder is required to abstain from voting on the Capital Reorganisation at the EGM. Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Adjusted Shares.

Expected effective date of the Capital Reorganisation

Subject to the above conditions being fulfilled, the Capital Reorganisation will become effective after the approval of the same by the Court, the registration of the order of the Court confirming the Capital Reduction and the approval of the minutes containing the particulars required under the Companies Law at the Registrar of Companies in the Cayman Islands, which is expected to take approximately 3 to 4 months from the Latest Practicable Date.

Reasons for the Capital Reorganisation

Upon the Rights Issue becoming effective, there shall be 1,073,320,380 Shares in issue after taking into account the Rights Shares expected to be allotted and issued. On the basis of 1,073,320,380 Adjusted Shares, a credit of approximately HK$96.60 million will arise as a result of the Capital Reduction and the amount will be credited to a distributable reserve account of the Company and applied to partially set off the accumulated losses of the Company.

However, assuming the Rights Issue does not proceed and on the basis of 214,664,076 Shares in issue, a credit of approximately HK$19.32 million will arise as a result of the Capital Reduction and the amount will be credited to a distributable reserve account of the Company and applied to partially set off the accumulated losses of the Company.

Based on the unaudited accumulated losses of the Company as at 30 June 2011 and the number of Shares in issue as at the Latest Practicable Date, the unaudited accumulated losses of the Company will be eliminated by approximately HK$96.60 million (assuming completion of the Rights Issue takes place) or HK$19.32 million (assuming the completion of the Rights Issue does not take place) upon the Capital Reorganisation becoming effective. The Directors also believe that implementation of the Capital Reorganisation and the resulting reduced par value per Share will provide greater flexibility to the Company in conducting fund raising exercises for future expansion.

Effect of the Capital Reorganisation

Other than the expenses to be incurred by the Company in relation to the Capital Reorganisation, the implementation thereof will not, by itself, affect the underlying assets, liabilities, business operations, management or financial position of the Group or the interests of the Shareholders as a whole.

The Adjusted Shares will rank pari passu in all respects with each other and the Capital Reorganisation will not result in any change in the respective rights of the Shareholders.

Free Exchange of certificates for Adjusted Shares and Trading Arrangements

If the Capital Reorganisation becomes effective, the Shareholders may during a period to be specified submit existing certificates for the Shares to the Registrar for exchange, at the expense of the Company, for certificates for the Adjusted Shares. Details of the arrangements and timetable regarding such free exchange of share certificates, and other relevant trading arrangements will be announced as soon as the effective date of the Capital Reorganisation is ascertainable.

OTHERS

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms, the Adjusted Shares, the Bonus Warrants and the Bonus Warrant Shares on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms, the Adjusted Shares, the Bonus Warrants and the Bonus Warrant Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil- paid and fully-paid forms, the Adjusted Shares, the Bonus Warrants and the Bonus Warrant Shares on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

GENERAL

In accordance with the Listing Rules, the Rights Issue must be made conditional upon the approval by the Independent Shareholders by way of a poll at the EGM where the controlling Shareholders or, in the case where the Company has no controlling Shareholder, any shareholder that has a material interest in the transaction or arrangement, the Directors (excluding independent non-executive Directors), the chief executive of the Company and their respective associates shall abstain from voting in favour of the Rights Issue at the EGM. As at the Latest Practicable Date, the Company has no controlling Shareholders and none of the Directors hold any Shares of the Company. As such, Freeman and its associates, having a material interest in the Rights Issue and the Bonus Warrant Issue, to the extent they hold Shares at the time when the EGM commences will be required to abstain from voting in favour of the Rights Issue and the Bonus Warrant Issue at the EGM. As at the Latest Practicable Date, Freeman holds 9,911,000 Shares, and Mr. Pak William Eui Won, a director of Hennabun Capital Group Limited's subsidiaries, who holds 120,000 Shares. Accordingly, the total number required to abstain from voting and shall so abstained from voting on the ordinary resolutions in favour of the Rights Issue and the Bonus Warrant Issue at the EGM as they are considered as having interests in the Rights Issue and the Bonus Warrant Issue is 10,031,000 Shares.

Pursuant to Rule 13.39(4) of the Listing Rules, all votes at the EGM will be taken by poll and the Company will announce the results of the poll in the manner set out in Rule 13.39(5) of the Listing Rules.

Upon the approval of the Rights Issue by the Independent Shareholders at the EGM, the Prospectus Documents setting out details of the Rights Issue will be dispatched to the Qualifying Shareholders on the Posting Date, and the Prospectus will be dispatched to the Non-Qualifying Shareholders for information only.

The Company has not received any information from its substantial shareholders (as defined in the Listing Rules) as to whether they intend to take up the Rights Shares to be provisionally allotted or offered to them.

EGM

The notice convening the EGM is set out on pages 211 to 215 of this circular. The EGM will be convened at 30th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong at 9:00 a.m. on Monday, 13 February 2012 for the purpose of, considering and, if thought fit, to approve the Rights Issue, the Bonus Warrant Issue and the Capital Reorganisation.

A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the meeting in person, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM. Completion and return of a form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

RECOMMENDATION

You are advised to read carefully the letter from the Independent Board Committee and the letter from Vinco Capital set out on page 69 and pages 70 to 138 of this circular respectively. The Independent Board Committee, having taken into account the advice of Vinco Capital, considers that the terms of the Rights Issue (including the Bonus Warrant Issue) are fair and reasonable so far as the Shareholders are concerned and the Rights Issue (including the Bonus Warrant Issue) is in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the proposed resolution approving the Rights Issue and the Bonus Warrant Issue at the EGM.

The Directors believe that the terms of the Rights Issue, the Bonus Warrant Issue and the Capital Reorganisation are fair and reasonable and in the interests of the Group and the Shareholders as a whole, and accordingly, the Directors recommend the Shareholders and the Independent Shareholders to vote in favour of the special resolution approving the Capital Reorganisation and the ordinary resolutions approving the Rights Issue and the Bonus Warrant Issue to be proposed at the EGM respectively.

ADDITIONAL INFORMATION

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

Yours faithfully,
For and on behalf of the Board
CHUNG YUK LUN
Chairman

The following is the text of the letter of recommendation, prepared for the purpose of incorporation in this circular, from the Independent Board Committee to the Independent Shareholders regarding the Rights Issue (including the Bonus Warrant Issue):

RADFORD CAPITAL INVESTMENT LIMITED
萊福資本投資有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 901)

20 January 2012

To the Independent Shareholders

Dear Sir or Madam,

PROPOSED RIGHTS ISSUE ON THE BASIS OF FOUR RIGHTS SHARES FOR EVERY SHARE HELD ON THE RECORD DATE WITH BONUS WARRANTS ON THE BASIS OF ONE BONUS WARRANT FOR EVERY FOUR RIGHTS SHARES TAKEN UP

We refer to the circular of the Company dated 20 January 2012 (the "Circular") of which this letter forms part. Unless the context specifies otherwise, capitalised terms used herein have the same meanings as defined in the Circular.

We have been appointed by the Board to advise the Independent Shareholders as to whether the terms of the Rights Issue (including the Bonus Warrant Issue) 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 Shareholders and the Independent Board Committee in this respect.

Having taken into account the principal reasons and factors considered by, and the advice of, Vinco Capital as set out in its letter of advice to the Independent Shareholders and the Independent Board Committee on pages 70 to 138 of the Circular, we are of the opinion that the Rights Issue (including the Bonus Warrant Issue) is in the interests of the Company and the Shareholders as a whole and the terms of which are fair and reasonable insofar as the Company and the Shareholders are concerned. Accordingly, we recommend that the Independent Shareholders do vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Rights Issue and the Bonus Warrant Issue.

Yours faithfully,
For and on behalf of
Independent Board Committee
Mr. Lum Pak Sum, Ms. Lam Yan Fong, Flora and Ms. Ng Yin Ling, Elaine
Independent Non-executive Directors

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 proposed Rights Issue (including the Bonus Warrant Issue) which has been prepared for the purpose of incorporation in this circular:

VINCO 域高

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

20 January 2012

To the Independent Board Committee and the Independent Shareholders of
Radford Capital Investment Limited

Dear Sirs,

PROPOSED RIGHTS ISSUE ON THE BASIS OF FOUR RIGHTS SHARES FOR EVERY SHARE HELD ON THE RECORD DATE WITH BONUS WARRANTS ON THE BASIS OF ONE BONUS WARRANT FOR EVERY FOUR RIGHTS SHARES TAKEN UP

A. INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the proposed Rights Issue (including the Bonus Warrant Issue), details of which are set out in the "Letter from the Board" in the circular (the "Circular") issued by the Company to the Shareholders dated 20 January 2012 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 7 November 2011, the Company announced that it will implement the Rights Issue on the basis of four Rights Shares for every Share held on the Record Date at the Subscription Price of HK$0.15 per Rights Share, with the Bonus Warrants on the basis of one Bonus Warrant for every four Rights Shares taken up at the Exercise Price of HK$0.05 per Share, whereby raising in aggregate of approximately HK$133.57 million after expenses by issuing 858,656,304 Rights Shares and 214,664,076 Bonus Warrants to the Qualifying Shareholders. The Company intends to apply the net proceeds from the Rights Issue for the general working capital of the Group and investment in listed securities.

In compliance with Rule 7.19(6) of the Listing Rules, the Rights Issue is conditional upon, among other things, approvals by the Independent Shareholders at the EGM by a resolution on which any controlling Shareholders and their associates or, where there are no controlling Shareholders, the Directors (excluding independent non-executive Directors), the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolutions relating to the Rights Issue (including the Bonus Warrant Issue). As at the Latest Practicable Date, the Company had no controlling Shareholder and none of the Directors hold any Shares of the Company. However, Freeman, being the holding company of the Underwriter, is an indirect substantial shareholder of CU Investment Management Limited, the investment manager of the Company. As such, Freeman and its subsidiaries, having a material interest in the Rights Issue and the Bonus Warrant Issue, to the extent they hold Shares at the date of the EGM, will be required to abstain from voting in favour of the proposed resolutions to approve the Rights Issue (including the Bonus Warrant Issue) at the EGM.

The Independent Board Committee, comprising Mr. Lum Pak Sum, Ms. Lam Yan Fong, Flora and Ms. Ng Yin Ling, Elaine, all being the independent non-executive Directors, has been formed to advise the Independent Shareholders on the terms of the Rights Issue (including the Bonus Warrant Issue). We have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue (including the Bonus Warrant Issue). 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 Rights Issue (including the Bonus Warrant Issue) are on normal commercial terms, fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole and whether the Independent Shareholders should vote in favour of or against of the resolutions to be proposed at the EGM to approve the Rights Issue (including the Bonus Warrant Issue).

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.

In formulating our opinion, we have not considered the taxation implications on Independent Shareholders in relation to the subscription for, holding or disposal of the Rights Shares or otherwise, since these are particular to their individual circumstances. It is emphasised that we will not accept responsibility for any tax effects on, or liabilities of any person resulting from the subscription for, holding or disposal of the Rights Shares or otherwise. In particular, Independent Shareholders subject to overseas taxation or Hong Kong taxation on securities dealings should consider their own tax position and, if in any doubt, should consult their own professional advisers.

Based on the foregoing, we confirm that we have taken all reasonable steps, which are applicable to the Rights Issue (including the Bonus Warrant Issue), as referred to in Rule 13.80 of the Listing Rules (including the notes thereto).

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Rights Issue (including the Bonus Warrant Issue) and, except for its inclusion in the Circular, 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 Rights Issue (including the Bonus Warrant Issue), we have considered the principal factors and reasons set out below:

1. Background information of the Company

The Group is principally engaged in the business of investing in both listed and unlisted companies.

Financial information

Set out below is a summary of the audited consolidated financial results of the Group for the two years ended 31 December 2010 and the six months ended 30 June 2011, as extracted from the Company's annual reports 2009 and 2010 and the interim reports 2010 and 2011 (correspondingly the "2009 Annual Report", "2010 Annual Report", "2010 Interim Report" and "2011 Interim Report"):

	For the six months ended 30 June		For the year ended 31 December	
	2011	**2010**	**2010**	**2009**
	(unaudited)	(unaudited)	(audited)	(audited)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	15,086	240,102	392,662	2,662,780
(Loss)/Profit for the period/year attributable to Shareholders	(110,331,521)	(45,051,899)	(48,047,723)	58,768,321

	As at 30 June		As at 31 December	
	2011	**2010**	**2010**	**2009**
	(unaudited)	(unaudited)	(audited)	(audited)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Total assets	280,714,721	173,239,797	288,568,663	214,982,174
Total liabilities	105,024,056	654,522	2,060,160	2,703,227
Net assets	175,690,665	172,585,275	286,508,503	212,278,947

As stated above, the Group recorded revenue of approximately HK$15.09 million for the six months ended 30 June 2011, representing a decrease of 93.72% as compared to that of the same period in 2010. Such decrease was mainly brought by the decrease in the dividend income from financial assets designated as held by the Group for trading. The Group also recorded the loss attributable to the Shareholders of approximately HK$110.33 million for the six months ended 30 June 2011, as compared to approximately HK$45.05 million in the corresponding period of 2010. The loss was greater than the corresponding period in last year mainly due to the increase in the realised loss of the underlying securities investments of the Group.

While as stated in the 2010 Annual Report and above table, the Group recorded revenue of approximately HK$392.66 million, representing a decrease of 85.25% as compared to the corresponding amount of 2009. Such decrease was mainly due brought by the decrease in the dividend income from financial assets designated as held by the Group for trading. The Group also recorded a loss attributable to the Shareholders of approximately HK$48.05 million, while the Group recorded a profit attributable to the Shareholders of approximately HK$58.77 million for the year ended 31 December 2009. The turnaround position was due to increase in realised and unrealised loss on listed shares caused by the financial tsunami.

Also, as noted from 2009 Annual Report and above table, the Group's revenue for the year ended 31 December 2009 was amounted to approximately HK$2,662.78 million, while which was approximately HK$3,612.01 million in 2008. Such decrease was due to the decrease in the interest income and dividend income from financial assets designated as held by the Group for trading. On the other hand, the Group recorded a profit attributable to the Shareholders of approximately HK$58.77 million for the year ended 31 December 2009, as compared with a loss of approximately HK$388.62 million in 2008. Such large improvement was represented by the increase in the realised gain on disposal of financial assets designated as held by the Group for trading and decrease in the unrealised loss on financial assets designated as held by the Group for trading.

Past fund raising activities

The table set out below summarises the information relating to the Company's fund raising activities, from which we noted that the Company conducted seven fund raising activities for approximately HK$200.98 million since 2009:

Date of announcement	**Fund raising activity**	**Net proceeds** *(approximately)*	**Intended use of proceeds**
5 June 2009	Subscription of 162,000,000 new Shares	HK$18.8 million *(Note 1)*	For investment purposes and for the purchase of listed securities of Hong Kong
3 August 2009	Placing of 1,000,000,000 new Shares	Nil *(Note 2)*	Not Applicable
28 October 2009	Subscription of 195,701,457 new Shares	HK$19.43 million *(Note 1)*	For investments pursuant to the investment objectives of the Company

Date of announcement	Fund raising activity	Net proceeds *(approximately)*	Intended use of proceeds
10 June 2010	Rights issue on the basis of four rights shares for every share held	HK$106.21 million *(Note 3)*	For investments pursuant to the investment objectives of the Company
16 August 2010	Subscription of 50,234,378 new Shares	HK$4.87 million *(Note 3)*	For investment purposes and for the purchase of listed securities in Hong Kong
8 April 2011	Rights issue on the basis of four rights shares for every share held	Nil *(Note 4)*	Not applicable
29 June 2011	Rights issue on the basis of one rights share for every two shares held	HK$51.67 million *(Note 5)*	For the committed investments of the Group in Bao Yuan Holdings Limited and as general working capital of the Company and further investments in listed securities

Notes:

1. The actual use of proceeds from fund raising activities in 2009 was allocated to the investment in (i) Mascotte Holdings Limited; (ii) China Strategic Holdings Limited; (iii) Freeman Financial Corporation Limited; (iv) Heritage International Holdings Limited; and (v) G-Resources Group Limited.

2. The placing was terminated by mutual agreement between the Company and the placing agent as announced by the Company on 28 October 2009.

3. The actual use of proceeds from fund raising activities in 2010 was allocated to the investment in (i) China Tycoon Beverage Holdings Limited; (ii) Willie International Holdings Limited; (iii) Freeman Financial Corporation Limited; (iv) Rising Development Holdings Limited; and (v) China New Energy Power Group Limited.

4. The rights issue was not approved by the Shareholders at the extraordinary general meeting of the Company held on 27 June 2011 and has since lapsed.

5. It was stated in the prospectus of the Company dated 15 July 2011 that the proceeds from the rights issue would be applied to the committed investments of the Group in Bao Yuan Holdings Limited ("Bao Yuan") and 3D GOLD Jewellery Holdings Limited ("3D-GOLD") and as general working capital of the Group and further investment in listed securities. As the resumption proposal of 3D-GOLD has not been approved by the Stock Exchange as at the Latest Practicable Date, the net proceeds of approximately HK$51.67 million from the rights issue have been used as to approximately HK$6.93 million to take up the rights shares in Bao Yuan pursuant to the sub-underwriting arrangement by the Group in the rights issue of Bao Yuan, as to approximately HK$19.18 million to take up shares in Tack Fat Group International Limited, as to approximately HK$3.39 million to take up shares in Heritage International Holdings Limited, as to approximately HK$10.48 million to take up shares in Dragonite International Limited, as to approximately HK$3.10 million to take up shares in Wo Kee Hong (Holdings) Limited, as to approximately HK$6 million to take up the convertible bond issued by Rising Development Holdings Limited, and the balance in the sum of approximately HK$2.60 million as general working capital of the Group.

Save for the foregoing, the Company has not conducted any other fund raising activities since 2009. Further to discuss with the Directors, the proceeds raised from the above mentioned activities were largely allocated to the investment in listed securities, which is part of the principal business activities of the Company. We summarised below the Company's investment made from such proceeds, the acquisition cost per share of such investments and (i) the share price as at the date of disposal for the investments; or (ii) the share price of the investment as at the Latest Practicable Date (for those investment has not yet been realised as at the Latest Practicable Date).

Stock code	Company name	Transaction Date	Number of shares purchased/ (sold)	Number of shares held by the Company as at Latest Practicable Date	Acquisition cost per share	Share price as at the date of disposal	Profit (+)/ loss (-) records	Share price as at the Latest Practicable Date
					HK$	*HK$*		
136	Mascotte Holdings Limited	24-Jun-09	1,520,000		1.500-1.640			
		25-Jun-09	72,062		1.590-1.610			
		14-Jul-09	(1,592,062)			1.580-1.650	+	
		17-Nov-09	2,388,000		0.150-0.120			
				2,388,000			+	0.218
209	China Tycoon Beverage Holdings Limited	27-Aug-10	37,900,000		1.000			
		27-Oct-10	(20,000,000)			1.020	+	
				17,900,000			-	0.140
235	China Strategic Holdings Limited	17-Nov-09	10,000,000		0.610			
		18-Nov-09	(10,000,000)	–		0.710-0.730	+	
				–				
273	Willie International Holdings Limited	27-Aug-10	18,850,000			0.180-0.187		
		16-Mar-11 *(Note 1)*	(15,080,000)					
		13-Apr-11	(3,770,000)	–		0.380-0.385	-	
				–				

Stock code	Company name	Transaction Date	Number of shares purchased/ (sold)	Number of shares held by the Company as at Latest Practicable Date	Acquisition cost per share	Share price as at the date of disposal	Profit (+)/ loss (-) records	Share price as at the Latest Practicable Date
					HK$	*HK$*		
279	Freeman Financial Corporation Limited	17-Jun-09	6,420,000		0.121-0.126			
		7-Aug-09 *(Note 2)*	(5,778,000)					
		18-Nov-09	(642,000)			0.590-0.620	-	
		12-Aug-10	52,440,000		0.385-0.410		-	
		27-Sep-10	(51,705,000)			0.330	-	
		28-Sep-10	(735,000)	–		0.340-0.345	-	
				–				
329	Dragonite International Limited	12-Sep-11	95,000,000		0.110			
				95,000,000			-	0.032
412	Heritage International Holdings Limited	20-Nov-09	15,320,000		0.465-0.495			
		8-Dec-09	(15,320,000)			0.420-0.460	-	
		12-Aug-11	1,000,000		0.410			
		15-Aug-11	5,000,000		0.410-0.415			
		16-Aug-11	2,255,000		0.400			
		26-Sep-11	(5,325,000)			0.285-0.290	-	
		28-Sep-11	(600,000)			0.290	-	
				2,330,000			-	0.132
692	Bao Yuan Holdings Limited	21-Jul-11	142,470,000		0.050			
		25-Jul-11	220,000		0.050			
		22-Jul-11	(98,990,000)			0.048-0.051	+	
		25-Jul-11	(43,700,000)	–		0.034	-	
				–				
720	Wo Kee Hong (Holdings) Limited	10-Oct-11	9,800,000		0.315			
				9,800,000			-	0.209
928	Tack Fiori International Group Limited	11-Aug-11	40,008,000		0.350			
		30-Aug-11	19,536,000		0.202			
		31-Aug-11	5,752,098		0.202			
		27-Sep-11	(7,624,240)			0.120	-	
		11-Oct-11	(35,000,000)			0.148	-	
				22,671,858			-	0.120
1004	Rising Development Holdings Limited	16-Aug-10	30,000,000		1.500			
		30-Sep-11	(80,000)			1.100	-	
		3-Oct-11	(2,000)			1.070	-	
		11-Oct-11	6,000,000		1.000			
				35,918,000			-	0.950
1041	China New Energy Power Group Limited	20-Aug-10	213,000,000		0.019			
		25-Aug-10	(23,000,000)			0.018	-	
		30-Aug-10	(20,000,000)			0.018	-	
		31-Aug-10	(12,192,000)			0.018	-	
		1-Sep-10	(3,808,000)			0.018	-	
		2-Sep-10	(4,000,000)			0.018	-	
		10-Sep-10	(3,890,000)			0.018-0.019	-	
		15-Sep-10	(100,000,000)			0.019-0.021	+	
		21-Sep-10	(26,764,000)			0.019-0.020	-	
		28-Sep-10	(16,376,000)			0.019	-	
		29-Sep-10	(2,970,000)	–		0.019	-	
				–				
1051	G-Resources Group Limited	17-Jun-09	9,999,000		1.540			
		24-Nov-09	5,694,246		0.530-0.540			
		20-Jun-11	(15,693,246)	–		0.600	-	
				–				

Notes:

1. The shares have been consolidated of every five reduced shares into one consolidated share (details can be referred to the announcement published by Willie International Holdings Limited dated 1 February 2011).

2. The shares have been consolidated of every ten reduced shares into one consolidated share (details can be referred to the announcement published by Freeman Financial Corporation Limited dated 3 April 2009).

According to the above, we have further reviewed the financial reports for the two years ended 2010 and for the six months ended 2011 of the above investee companies (except Bao Yuan Holdings Limited and G-Resources Group Limited, as both of them are no longer held by the Company, details of which have been summarised in the section below). Upon our revision, we noted that, other than Freeman Financial Corporation Limited, Mascotte Holdings Limited, Willie International Holdings Limited, Wo Kee Hong (Holdings) Limited and Tack Fiori International Group Limited, the rest of the above investee companies has recorded losses for the said period.

2. Reasons for the Rights Issue and proposed use of proceeds

As set out in the Letter from the Board, the net proceeds from the Rights Issue will be approximately HK$122.89 million, and will increase to HK$133.57 million if together with the net proceeds from the exercise of the subscription rights attached to the Bonus Warrants up to HK$10.68 million, intended to be used for the general working capital of the Group and investment in listed securities including but not limited to (i) CC Land Holdings Limited; (ii) Chong Hing Bank Limited; (iii) Renhe Commercial Holdings Company Limited; (iv) Freeman Financial Corporation Limited; and (v) the existing investment portfolio of the Company. If the Rights Issue is materialised, such increase in cash will enable the Group to partially replenish the capital base due to previous years' losses and strengthen the capital base of the Group, which will be beneficial to the Group in its possible investments in the future. On the other hand, in the event that the Group identifies a suitable investment opportunity and does not have sufficient cash resources on hand, and it fails to obtain loans on terms which the Directors consider acceptable to the Group or raise funds from the equity capital market, or it cannot find other alternatives to finance such investment opportunity in a timely manner, especially under prevailing volatility market condition, the Group may lose its bid in an otherwise favourable investment. The net proceeds from the Rights Issue will therefore provide the Company with stronger capital base and additional flexibility in deciding the source of finance for any investment opportunities that may arise in the future, as well as strengthening the competitiveness of the Group in terms of improving the existing business, which can benefit the future business development of the Company.

The global market has experienced a significant downward correction due to the escalation of the sovereign debt crisis of the Eurozone countries which increased risk aversion amongst investors and fund managers who have downsized their respective investment portfolios. The Board is of the view that notwithstanding the recent volatile market conditions, the leaders of the Eurozone countries will strive to work out a plan to contain the adverse impact likely to be caused by the Eurozone government debts especially if Greece eventually defaults on repayment of its debts. When global capital markets stabilise, the Board is of the view that new funding for investments will flow to the PRC which has been currently outperforming its counterparts the U.S. and Europe. The net proceeds from the Rights Issue will therefore partially replenish the capital base of the Company and provide the Group a financial flexibility to make attractive valuation investment decision in a timely manner as and when such opportunities arise. Accordingly, we have reviewed the statistics available at the official website of the National Bureau of Statistics of China and noted that (i) the PRC economy has been growing at an accelerated pace in the past decade, the PRC's gross domestic product ("GDP") has been growing at a compound annual growth rate of approximately 15.50%, from approximately RMB10,966 billion in 2001 to approximately RMB40,120 billion in 2010; and (ii) the per capita annual disposable income in the urban cities in the PRC increased from approximately RMB13,786 in year 2007 to approximately RMB19,109 in year 2010, representing a compound annual growth rate of approximately 11.50%. As such, we are of the view that the PRC economy is developing prosperously. The prosperous economy in the PRC will certainly benefit Hong Kong, for instance, the central government of the PRC has officially announced that Hong Kong will become an offshore Renminbi market which will be important for the domestic economic growth of Hong Kong in the next decade as it is expected to bring further business and investment opportunities to Hong Kong.

As stated above, part of the use of proceeds will be allocated to invest in listed securities including but not limited to (i) CC Land Holdings Limited; (ii) Chong Hing Bank Limited; (iii) Renhe Commercial Holdings Company Limited; (iv) Freeman Financial Corporation Limited; and (v) the existing investment portfolio of the Company, including The Cross-Harbour (Holdings) Limited, Mascotte Holdings Limited, China Tycoon Beverage Holdings Limited, China Strategic Holdings Limited, Willie International Holdings Limited, Hanny Holdings Limited, Dragonite International Limited, Heritage International Holdings Limited, Enerchina Holdings Limited, Culture Landmark Investment Limited, Wo Kee Hong (Holdings) Limited, Forefront Group Limited, Unity Investments Holdings Limited, Tack Fiori International Group Limited, China Environment Energy Investment Limited, Rising Development Holdings Limited, Kingston Financial Group Limited, Suncorp Technologies Limited, Beijing Yu Sheng Tang Pharmaceutical Group Limited, Sinolink Worldwide

Holdings Limited, Longlife Group Holdings Limited, China Public Healthcare (Holding) Limited, Code Agriculture (Holdings) Limited, Inno-Tech Holdings Limited and China New Energy Power Group Limited, all of which are listed on the Stock Exchange. We summarised below the financial information of these proposed investee companies as set out in their annual report for the two financial years ended 2010 and for the six months ended 2011:

(i) CC Land Holdings Limited ("CC Land")

	For the six months ended 30 June	For the year ended 31 December	
	2011	2010	2009
	(Unaudited)	(Audited)	(Audited)
	HK$'000	*HK$'000*	*HK$'000*
Revenue	1,360,386	1,916,975	1,080,638
Profit/(loss) for the period/year	145,086	255,561	(42,926)

From the table above, the revenue of CC Land for the six months ended 30 June 2011 reached a record of HK$1,360.39 million, an increase of approximately 100.45% over the first half of 2010 of an amount of HK$678.68 million. The gratifying performance of CC Land was largely brought about by the substantial increase in revenue generated from the property business during the first half of 2011 as more property units were delivered to buyers. Also, CC Land recorded a profit for the six months ended 30 June 2011 of HK$145.09 million, while that of the same period of 2010 amounted to HK$60.08 million, representing a sharp increase of approximately 141.50%. Such increase was mainly due to the increase in average selling price of its properties.

For the financial year ended 31 December 2010, the revenue of CC Land recorded HK$1,916.98 million, representing an increase of 77.39% compared with that of 2009. The increase in revenue was mainly due to the increased revenue from the property business as more projects were completed and delivered, as well as increased sales from the packaging and luggage business. The profit of CC Land for the year ended 31 December 2010 was HK$255.56 million, against a loss of HK$42.93 million in 2009. The increase was mainly due to the increase in the average selling price of its properties and the gain on disposal of a jointly-controlling entity and subsidiaries.

For the year ended 31 December 2009, the revenue of CC Land recorded HK$1,080.64 million as compared with that of 2008 amounted to HK$1,395.64 million. The decrease in revenue was mainly due to dropped in completion and delivery of properties, which is the result from slowing down its pace of development in 2008 due to market uncertainty. CC Land recorded a loss of HK$42.93 million for the year ended 31 December 2009 as compared with the loss of HK$1,078.64 million of 2008. The loss for the year in 2009 was improved mainly due to the write-back of impairment in value of the Group's interest in land, which is net of deferred taxation and its tightening cost controls, rationalising operations and raising productivity to secure the profit for the manufacturing business.

(ii) Chong Hing Bank Limited

	For the six months ended 30 June	**For the year ended 31 December**	
	2011	**2010**	**2009**
	(Unaudited)	**(Audited)**	**(Audited)**
	HK$'000	*HK$'000*	*HK$'000*
Net interest income	386,660	816,127	823,331
Net fee and commission income	113,700	240,174	263,629
Profit for the period/year	408,981	476,162	231,748

For the six months ended 30 June 2011, the net interest income was amounted to HK$386.66 million, representing a slightly decrease of approximately 6.03% as compared to HK$411.47 million for the corresponding period in 2010. The decrease was due to the net interest margin narrowed 14 basis points from 1.25% for the first half of 2010 and 10 basis points from 1.21% for the year of 2010 to 1.11%. While, the net fee and commission income for the first half of 2011 was increased by HK$3.97 million or approximately 3.62% from that of the same period of 2010 (2010: HK$109.73 million). On the other hand, the profit for the period was amounted to HK$408.98 million, an improvement of 111.48% or HK$215.59 million over that for the corresponding period in 2010. The increase in profit was due to the recovery of amounts previously written-off in relation to the Lehman Brothers Minibonds Repurchase Scheme.

For the year ended 31 December 2010, the net interest income decreased slightly by HK$7.20 million to HK$816.13 million as net interest margin narrowed 2 basis points to 1.21% in 2010. Also, in 2010, the net fee and commission income decreased by HK$23.46 million to HK$240.17 million. Such decrease was due to securities dealing fees and commission income dropped by 12.11% to HK$182.87 million as customers' dealing turnover fell despite an increase in the number of customers. The profit for the year amounted to HK$476.16 million, an improvement of 105.55% or HK$244.41 million over that for the year before. The sharp increase was mainly brought by the reduction in impairment allowances on loans and advances by HK$84.50 million to HK$17.79 million and reduction in impairment loss on available-for-sale securities by HK$40.83 million to HK$2.74 million.

For the year ended 31 December 2009, the net interest income decreased 4.74% from HK$823.33 million to that of 2008, which amounted to HK$864.33 million. The decrease was due to the interest margin decreased 4% to 1.23% as expected in such low interest rate environment with ample liquidity in the Hong Kong dollar market. While, the net fee and commission income for the year ended 31 December 2009 was recorded an increase of approximately 21.60% as compared with that in 2008, which amounted to HK$216.80 million. The increase was mainly due to the increase in securities dealing fees and commission income. On the other hand, the profit for the year increased from HK$60.62 million recorded in 2008 to HK$231.75 million in 2009. The increase in profit was mainly due to the decrease in impairment loss on available-for-sale securities.

(iii) Renhe Commercial Holdings Company Limited ("Renhe")

	For the six months ended 30 June	**For the year ended 31 December**	
	2011	**2010**	**2009**
	(Unaudited)	**(Audited)**	**(Audited)**
	RMB'000	*RMB'000*	*RMB'000*
Revenue	2,066,204	1,142,084	4,162,943
Profit for the period/year	604,979	3,843,477	4,037,568

From the table above, the revenue of Renhe for the six months ended 30 June 2011 reached a record of RMB2,066.20 million, an increase of approximately 118.81% over the first half of 2010 of an amount of RMB944.28 million. The increase in revenue was mainly attributed by (i) the increase in lease income, which contributed by a newly acquired shopping complex with gross floor area of 390,626 square meters in January 2011; and (ii) the increase in transfer of operation rights, which was RMB1,899.88 million, up by 116.29% as compared with RMB878.35 million in the same period of 2010. Also, Renhe recorded a profit for the six months ended 30 June 2011 of RMB604.98 million, while that of the same period of 2010 amounted to RMB132.21 million, representing a sharp increase of approximately 357.59%. Such increase was mainly due to the increase in revenue.

For the year ended 31 December 2010, the revenue of Renhe recorded RMB1,142.08 million as compared to RMB4,162.94 million in 2009. The decrease in revenue was mainly due to the decreased revenue from transfer of operation rights, which dropped by 75.51% to RMB987.75 million from RMB4,033.57 million in 2009, while such decrease has been partially off-set by an increase in average leaseable gross floor area and increase in average rental per square meter. The profit of Renhe for the year ended 31 December 2010 was RMB3,843.48 million compared to RMB4,037.57 million in 2009. The decrease was mainly due to the interest expenses incurred by issue of senior notes.

For the year ended 31 December 2009, the revenue of Renhe grew by 36.48% to RMB4,162.94 million from RMB3,050.28 million in 2008, mainly due to significant growth in revenue generated from transfer of operation rights and lease income, of which revenue generated from transfer of operation rights increased significantly by 40.63% to RMB4,033.57 million. Profit for the year increased significantly by 112.2% to RMB4,037.57 million in 2009 from RMB1,903.02 million in 2008. The significant increase was mainly due to the net gain on disposal of subsidiaries.

(iv) Freeman Financial Corporation Limited ("Freeman")

	For the six months ended 30 September 2011 (Unaudited) *HK$'000*	For the year ended 31 March 2011 (Audited) *HK$'000*	2010 (Audited) *HK$'000*
Revenue	19,706	89,630	169,570
(Loss)/profit for the period/year	(400,378)	(171,498)	303,860

For the six months ended 30 September 2011, Freeman's revenue was HK$19.71 million, representing a decrease by 53.58% from HK$42.45 million in the same period of 2010. The drop in revenue was mainly due to the decrease in (i) interest income from provision of finance; (ii) gross rental income; (iii) commission and brokerage income from securities dealings; (iv) commission from underwriting and placing services; and (v) interest income on margin financing activities. Freeman recorded a loss for the period of HK$400.38 million as compared to HK$42.83 million of the same period of 2010. The net loss was mainly attributed to the significant realised and unrealised loss from securities trading business.

For the year ended 31 March 2011, the revenue of Freeman was dropped by 47.14% to HK$89.63 million from HK$169.57 million in 2010. Such decrease is mainly due to the financial market was volatile and less dividend distribution received from the trading investments in 2011. Freeman recorded a loss for the year of HK$171.49 million as compared to a profit for the year of HK$309.86 million in the previous year. The net loss was mainly attributed to the loss from securities trading business and the potential disposal of the equitable interests in Liu's Holdings Limited.

For the year ended 31 March 2010, the revenue of Freeman was increased by 16.65 times to HK$169.57 million as compared to HK$9.61 million in 2009. During the financial year 2010, the financial market has been stabilised and a special dividend received from an investment. Also, Freeman's profit for the year was HK$303.86 million for the year ended 31 March 2010, representing an increase of 170.61% from a loss of HK$430.35 million in 2009. The performance of Freeman was improved as a result of a continuous improvement of the world economy.

(v) The Cross-Harbour (Holdings) Limited ("Cross-Harbour")

	For the six month ended 30 June	For the year ended 31 December	
	2011	**2010**	**2009**
	(Unaudited)	**(Audited)**	**(Audited)**
	HK$'000	*HK$'000*	*HK$'000*
Turnover	116,903	227,099	217,518
Profit for the period/year	174,042	374,919	306,639

For the six months ended 30 June 2011, Cross-Harbour's turnover for the period was HK$116.90 million, an increase of 18.96% as compared to the HK$98.27 million recorded in the same period last year. The improvement was attributable to an increase in (i) tuition fees income as higher demand for driving lessons, albeit at a lower lesson income unit rate; (ii) income from motorcycle courses; and (iii) interest income from fixed rate notes. Cross-Harbour's unaudited profit for the six months ended 30 June 2011 amounted to HK$174.04 million as compared to HK$171.84 million for the last corresponding period. Such increase was mainly attributable by the increase in interest income.

For the year ended 31 December 2010, the turnover of Cross-Harbour was HK$227.10 million as compared to HK$217.52 million for the last corresponding period. The increase was mainly attributed by the increase in revenue from motoring school operations and electronic toll operations. Cross-Harbour reported a profit of HK$374.92 million for the year ended 31 December 2010, representing an increase of 22.27% as compared with HK$306.64 million in 2009. The increase was primarily due to an increase in profit contribution from tunnel operations as compared to that in 2009.

For the year ended 31 December 2009, turnover of Cross-Harbour was decreased from HK$244.40 million in 2008 to HK$217.52 million in 2009. The decrease was due to the drop in both motoring school operations and investment and other activities. Cross-Harbour reported a profit of HK$306.64 million for the year ended 31 December 2009, representing an increase of 94.08% as compared with HK$158.00 million in 2008. The significant increase was the aggregate of an increase in profit contribution from tunnel operations and the improved performance of the treasury segment as compared to the previous year.

(vi) Mascotte Holdings Limited ("Mascotte")

	For the six month ended 30 September 2011 (Unaudited) *HK$'000*	For the year ended 31 March 2011 (Audited) *HK$'000*	2010 (Audited) *HK$'000*
Turnover	57,128	103,373	241,871
(Loss)/profit for the period/year	(350,723)	(244,313)	108,850

From the table above and the interim results for the six months ended 30 September 2011, the turnover of Mascotte amounted to approximately HK$57.13 million, representing a decrease of approximately 24.78% from HK$75.95 million for the same period of 2010. The decrease was largely brought about by the negative turnover of HK$45.32 million derived from the trading of securities as compared to the negative turnover of HK$31.81 million recorded in the same period of 2010 and the decrease in revenue from manufacture and sales of accessories. Also, Mascotte recorded a loss of HK$350.72 million for the six months ended 30 September 2011 as compared to that of the corresponding period of 2010 (2010: loss of HK$107.26 million). The decrease was largely due to the increase in realised and unrealised losses of investments held for trading.

As shown in the table above, the turnover of Mascotte for the year ended 31 March 2011 amounted to HK$103.37 million, representing a decrease of 57.26% from the previous year. The decrease was largely brought about by the negative turnover of HK$93.38 million derived from the trading of securities as compared to the positive turnover of HK$89.51 million in 2010, despite the increase in the turnover of the manufacturing division to HK$189.45 million in 2010 from HK$148.09 million for the previous year. Also, Mascotte recorded a loss for the year ended 31 March 2011, which amounted to HK$244.31 million, as compared to a profit of HK$108.85 million in 2010. The turnaround results was due to the net unrealised holding loss on financial assets at fair value through profit or loss and the reversal of impairment loss for loan and interest receivables.

From the annual report of Mascotte for the year ended 31 March 2010, we also noted that Mascotte recorded a turnover of HK$241.87 million, representing an increase of approximately 79.33% as compared to that of the previous year (2009: HK$134.87 million). The increase in turnover was largely brought about by the turnover of HK$89.51 million derived from the trading of securities for which a negative turnover of HK$85.48 million was recorded in the financial year 2009. Such increase was partially offset by the decrease in sales of the manufacturing division to HK$148.09 million in the financial year 2010 from HK$186.21 million for the previous year. On the other hand, the profit for the year ended 31 March 2010 amounted to HK$108.85 million, as compared to a loss of HK$345.29 million in the financial year 2009, which was mainly due to the reversal of impairment loss for loan and interest receivables and the net unrealised holding gain on financial assets at fair value through profit and loss.

(vii) China Tycoon Beverage Holdings Limited ("China Tycoon Beverage")

	For the six month ended 30 June	**For the year ended 31 December**	
	2011	**2010**	**2009**
	(Unaudited)	**(Audited)**	**(Audited)**
	HK$'000	*HK$'000*	*HK$'000*
Revenue	206,940	435,766	325,060
Loss for the year	(23,294)	(13,116)	(17,777)

For the six months ended 30 June 2011, China Tycoon Beverage's turnover was HK$206.94 million, increased by 73.58% when compared to the corresponding period in 2010 (2010: HK$119.22 million). Such increase was mainly contributed by the encouraging results recorded by the beverage division that was newly acquired by China Tycoon Beverage in September 2010. China Tycoon Beverage incurred a loss of HK$23.29 million for the six months ended 30 June 2011 as compared to a loss of HK$12.22 million in the same period of 2010. The enlargement of loss result of China Tycoon Beverage was mainly due to the amortisation of intangible assets incurred in the first half of 2011.

For the year ended 31 December 2010, China Tycoon Beverage's turnover was HK$435.77 million, increased by 34.06% as compared to that of 2009. The increase was mainly contributed by the increase in the demand from new customers. Although China Tycoon Beverage recorded a loss of HK$13.12 million for the year ended 31 December 2010, it has improved its loss from HK$17.78 million recorded in 2009. Such improvement in loss result was mainly due to increase in the fair value gains on derivative financial instruments, the gain on disposal of non-current assets held for sale, the gain on disposal of property, plant and equipment and the reversal of allowance for impairment on trade receivables.

For the year ended 31 December 2009. China Tycoon Beverage's revenue for the year was HK$325.06 million, dropped by 62.79% when compared to the prior year (2008:HK$873.68 million) and was primarily due to the cessation of business with customers offered only low profit margin orders and the adverse impact of the global financial crises. The loss of China Tycoon Beverage was HK$17.78 million for the year ended 31 December 2009, as compared to HK$84.27 million in 2008, China Tycoon Beverage improved its financial result which was mainly contributed by the higher profit margin of sales orders received in 2009 resulting from active negotiations with customers, production costs savings resulting from increase in export tax refund rate in the PRC and improved production efficiency resulting from tightened control on overheads.

(viii) China Strategic Holdings Limited ("China Strategic")

	For the six month ended 30 June	**For the year ended 31 December**	
	2011	**2010**	**2009**
	(Unaudited)	**(Audited)**	**(Audited)**
	HK$'000	*HK$'000*	*HK$'000*
Revenue	6,730	12,279	8,246
Loss for the period/year	(3,647)	(58,677)	(51,693)

For the six months ended 30 June 2011, the revenue of China Strategic was HK$6.73 million, which was increased by 16.76% as compared to the same period in 2010 (2010: HK$5.76 million). The increase was mainly attributed by the increase in manufacturing and trading of battery products of China Strategic. China Strategic was recorded an improvement of its loss result from HK$84.33 million for the six months ended 30 June 2010 to HK$3.65 million for the same period of 2011. The improvement was mainly contributed by the gain on financial assets at fair value through profit or loss and decrease in the administrative expenses for the six months ended 30 June 2011, which was incurred in the corresponding period of 2010 due to the proposed acquisition project of China Strategic and was terminated in September 2010.

The revenue of China Strategic for the year ended 31 December 2010 increased by approximately HK$4.03 million to approximately HK$12.28 million. With the gradual recovery of the global economy, the demand for China Strategic's battery products has become stronger and has lead to increase in revenue. The loss for the year ended 31 December 2010 was approximately HK$58.68 million and loss for the year 2009 was approximately HK$51.69 million. The loss result of China Strategic was enlarged mainly due to the gain on financial assets at fair value through profit or loss and increase in administrative expenses, which included the legal and professional fee incurred by its proposed acquisition in Taiwan.

The revenue of China Strategic for the year ended 31 December 2009 decreased by approximately HK$10.45 million to approximately HK$8.25 million (2008: HK$18.70 million). As affected by the global economic turmoil, high production costs in mainland China and more stringent overseas safety requirements, the demand for China Strategic's batteries products has further weakened and leading to decrease in the revenue. The loss for the year ended 31 December 2009 was HK$51.69 million, which was improved by HK$400.67 million as compared to 2008. The improvement in loss result was mainly due to the fair value change in the financial assets and decrease in the interest expenses on convertible notes, which was early redeemed in 2009.

(ix) Willie International Holdings Limited ("Willie")

	For the six month ended 30 June	For the year ended 31 December	
	2011	**2010**	**2009**
	(Unaudited)	**(Audited)**	**(Audited)**
	HK$'000	*HK$'000*	*HK$'000*
Turnover	(9,623)	55,698	94,451
(Loss)/profit for the period/year	(162,560)	(195,599)	129,345

For the six months ended 30 June 2011, Willie reported a negative turnover of HK$9.62 million compared with a positive turnover of HK$76.14 million for the corresponding period of 2010. The decrease in turnover was mainly attributable to the net loss from the sale of investments and the decrease in rental income. Willie also reported a loss of HK$162.56 million for the six months period ended 30 June 2011 (2010: HK$149.91 million). The loss mainly comprised net loss from the sale of investments and net fair value loss on investments.

For the year ended 31 December 2010, the turnover of Willie was HK$55.70 million compared to HK$94.45 million in 2009. The drop in turnover was mainly attributed to the decrease in net gains from the sale of investments and the decrease in rental and interest income. 2010 was a year marked by uncertainty and volatility. Willie reported a loss for the year ended 31 December 2010 of HK$195.60 million as compared to a profit of HK$129.35 million in 2009. The loss was mainly attributed by net fair value losses on trading of investments held, losses on disposal of interest in subsidiaries and share of associates losses.

For the year ended 31 December 2009, Willie reported a positive turnover of HK$94.45 million, an increase of HK$435.66 million, as compared with a negative turnover of HK$341.21 million in 2008. The rise in turnover was mainly contributed by the increase in net gains from the sale of investments and the increase in rental income. Benefiting from the continued recovery of Hong Kong as well as other major stock markets, rental income and the gradual growth of property market and the improvement of the money lending portfolio in 2009, Willie reported a profit of HK$129.35 million for the year ended 31 December 2009 as compared to a loss of HK$797.83 million in 2008. The profit was mainly attributed by the net gains from the sale of investments and net fair value gains on trading of investments, net fair value gains on investment properties and the reversal of allowance and recovery of bad debts in loans receivable.

(x) Hanny Holdings Limited ("Hanny")

	For the six months ended 30 September 2011	For the year ended 31 March	
	2011	**2011**	**2010**
	(Unaudited)	**(Audited)**	**(Audited)**
	HK$'000	*HK$'000*	*HK$'000*
Turnover	30,118	91,827	80,793
(Loss)/profit for the period/year	(13,661)	92,852	200,243

For the six months ended 30 September 2011, Hanny reported a turnover of HK$30.12 million compared with that of HK$28.31 million for the corresponding period of 2010. The increase in turnover was mainly contributed by the increase in turnover of water supply and trading of securities. Hanny also reported a loss of HK$13.66 million for the six months period ended 30 September 2011 (2010: HK$56.62 million). The loss of Hanny in the first half of 2011 was improved mainly due to decrease in loss on other income, gains and losses, decrease in interest expenses on convertible loan notes, increase in profit sharing from its associates and profit from discontinued operations.

For the year ended 31 March 2011, the turnover of Hanny was HK$91.83 million compared to HK$80.79 million in the financial year of 2010. The rise in turnover was mainly attributed to the increase in trading of securities and water supply businesses. Hanny reported a profit for the year ended 31 March 2011 of HK$92.85 million as compared to that of HK$200.24 million in the financial year 2010. The drop in profit of Hanny was mainly due to (i) decrease in gain on other income, gains and losses; (ii) decrease in the change in fair value of conversion options embedded in convertible notes; (iii) net loss on investments held for trading; (iv) enlargement of loss on maturity of convertible notes; and (v) a loss on repurchase of convertible loan notes incurred in the financial year 2011.

For the year ended 31 March 2010, the turnover of Hanny was HK$80.79 million compared to HK$430.93 million in the financial year of 2009. The drop in turnover was mainly attributed to the decrease in sales proceeds on trading of securities. Hanny reported a profit for the year ended 31 March 2010 of HK$200.24 million as compared to a loss of HK$1,139.64 million in the financial year 2009. The turnaround result of Hanny was mainly due to profit from exchange differences arising on translation of foreign operations, fair value gain on available-for-sale investments. Additionally, in the financial year 2009, Hanny reported a loss on remearsurement to fair value less cost to sell in respect of disposal group held for sale and impairment loss on available-for-sale investments.

(xi) Dragonite International Limited ("Dragonite")

	For the six months ended 30 June	**For the year ended 31 December**	
	2011	**2010**	**2009**
	(Unaudited)	**(Audited)**	**(Audited)**
	HK$'000	*HK$'000*	*HK$'000*
Turnover	(33,868)	21,786	97,586
Loss for the period/year	(166,860)	(233,331)	(443,907)

For the six months ended 30 June 2011, the turnover of Dragonite was a negative amount of HK$33.87 million, as compared to a positive turnover of HK$14.71 million for the corresponding period of 2010. The negative turnover was mainly due to the net loss from the sales of financial assets at fair value through profit or loss, which recorded a net gain in the last corresponding period in 2010, and the sales and production of health care products had been temporarily suspended. However, the drop in the turnover was partially offset by the sales of electronic cigarettes products, as Dragonite strived to revamp its products in the first six months of 2011 so as to expand its product portfolio to include all tiers of the market in the second half of 2011. Dragonite reported a loss of HK$166.86 million for the six months ended 31 June 2011, as compared to that of HK$134.65 million in the same period of 2010. The loss was mainly attributable to the net realised and unrealised losses in financial assets at fair value through profit or loss and a provision for impairment of inventory were made in the first half of 2011.

For the year ended 31 December 2010, Dragonite's turnover was decreased by 77.68% as compared to the year ended 31 December 2009. The drop in turnover was mainly due to the fall in customers' purchase orders and decline in its production scale. On the other hand, Dragonite reported a loss amounted to HK$233.33 million for the year ended 31 December 2010 (2009: HK$443.91 million). The loss was mainly attributed by impairment loss on property, plant and equipment and intangible assets, mainly resulting in the continuing deterioration in the business of the Group due to the drastic decline in turnover, customers' purchase orders, production scale and customer confidence as a consequence to the factors mentioned above. The drastic decline in production scale significantly reduced the recoverable amounts of the fixed assets which was much less than their carrying value. Additionally, the market value of Dragonite's securities portfolio has declined due to the equity market was unstable in 2010.

For the year ended 31 December 2009, the turnover of Dragaonite decreased by 76.99% to HK$97.59 million from HK$424.05 million in 2008. The decrease in turnover was mainly due to the global financial crisis and the followings: (i) the marketing and advertising activities in relation to Dragonite's electronic cigarette products throughout the year 2009 were reduced as compared with previous years. In particular, advertisement and promotion on television were reduced in order to save costs; (ii) the sales of electronic cigarettes products declined as a result of the growing threat from counterfeit brands and new regulatory restriction imposed against import of electronic cigarettes products by some overseas countries; and (iii) the license of Dragonite's factory in Shenyang for health care products expired and Dragonite failed to renew the license immediately, leading to return of goods from customers during October to December 2009. The licence was subsequently renewed in February 2010. Loss for the year ended 31 December 2009 increased by 169.62% to HK$443.91 million from HK$164.64 million in 2008 and was mainly attributed to provision for impairment of inventory and the impairment loss on trade receivables

(xii) Heritage International Holdings Limited ("Heritage")

	For the six months ended 30 September	**For the year ended 31 March**	
	2011	**2011**	**2010**
	(Unaudited)	**(Audited)**	**(Audited)**
	HK$'000	*HK$'000*	*HK$'000*
Revenue	(16,638)	(171,624)	(79,098)
Loss for the period/year	(268,068)	(391,908)	(7,382)

From the table above and the interim report of Heritage for the six months ended 30 September 2011, we noted that Heritage recorded a negative revenue of 16.64 million (the negative revenue recorded by Heritage including the loss on sale of investments of approximately HK$20.03 million), representing an improvement in revenue as compared to a negative revenue of HK$146.46 million in the corresponding period of 2010. Such improvement in revenue was mainly due to the increase in (i) gross rental income from investment properties; (ii) interest income from money lending operations; and (iii) income from Chinese medicine clinic operation, and decrease in net loss on sale of investments as fair value through profit or loss. In addition, Heritage recorded loss for the period of HK$268.07 million, representing a decrease of 26.70% to the same period in 2010. The weaken performance was mainly due to the fair value losses on investment at fair value through profit or loss and loss on disposal of subsidiaries.

For the year ended 31 March 2011, Heritage's negative revenue for the year ended 31 March 2010 was amounted to HK$171.62 million (the negative revenue recorded by the Group including the loss on sale of investments of approximately HK$177.12 million) as compared to negative revenue of HK$79.10 million in 2010. Such decrease was mainly due to (i) the decrease in rental income from investment properties; (ii) the decrease in interest income from money lending operations; (iii) the decrease in dividend and interest income from investments; (iv) the increase in loss on sale of investment. Additionally, Heritage recorded a loss of HK$391.91 million for the year ended 31 March 2011, as compared with a loss of HK$7.38 million in 2010, such enlargement of loss was represented by loss on sale of equity and debt investments, unrealised fair value losses arisen from equity and debt investments and share of losses of associates as at the end of the financial year.

For the year ended 31 March 2010, Heritage recorded negative revenue of approximately HK$79.10 million for the year ended 31 March 2011 (the negative revenue recorded by the Group including the loss on sale of investments of approximately HK$101.64 million), representing a sharp decrease of 286.62% as compared to the corresponding amount of 2009 (2009: negative revenue of approximately HK$20.46 million). Such decrease in revenue was mainly due to the decrease in the rental income from investment properties, the interest income from money lending operations and the loss of the sale of investments. On the other hand, Heritage recorded a loss for the year ended 31 March 2010 of HK$7.38 million, while Heritage recorded a loss of HK$432.34 million for the previous year. The improvement of the loss result in 2010 was primarily due to gains arising from changes in fair value of investment properties, unrealised fair value gains on equity and debt investment and no provision for impairment of investment securities and the impairment of loans and receivables.

(xiii) Enerchina Holdings Limited ("Enerchina")

	For the six months ended 30 June 2011 (Unaudited) *HK$'000*	For the year ended 31 December 2010 (Audited) *HK$'000*	2009 (Audited) *HK$'000*
Turnover	86,216	401,738	752,297
Profit/(loss) for the period/year	795,552	(683,193)	(38,321)

From the table above and the interim report of Enerchina for the six months ended 30 June 2011, Enerchina recorded a total turnover from continuing operation and discontinued operation of HK$86.22 million. As compared to that of the last corresponding period 2010, the total turnover represents a decrease of 59.05% from HK$210.53 million. The decline in total turnover is mainly attributable to the disposal of Enerchina's electricity generation business in February 2011. The profit of Enerchina for the six months ended 30 June 2011 amounted to HK$795.55 million, representing an sharp increase of 538.36% over the same period of 2010 (2010: a loss of HK$181.49 million). The substantial profit arises mainly from a gain of HK$780.15 million on the disposal of a electricity supply operation.

For the year ended 31 December 2010, Enerchina recorded a turnover of HK$401.74 million, as compared to that of HK$752.30 million in 2009. The decrease was mainly due to the decrease in the revenue generated from electricity supplies, while which was partially offset by the new business segment of Enerchina (i.e. manufacturing and sales of electrical products). Enerchina recorded loss of HK$683.19 million for the year ended 31 December 2010 as compared to that of HK$38.32 million in 2009. The increase was mainly due to the loss on disposal and deemed disposal of an associate.

For the year ended 31 December 2010, Enerchina recorded a turnover of HK$752.30 million as compared to that of HK$1,016.53 million in 2009. The decrease was mainly due to the drop in turnover of electricity supplies. On the other hand, Enerchina recorded a loss of HK$38.32 million, of which has been improved by HK$356.24 million from HK$394.56 million in 2008. Such improvement in loss was mainly due to the net gain on investment held for trading and a impairment loss of goodwill has been recognised in 2008.

(xiv) Culture Landmark Investment Limited ("Culture Landmark")

	For the six months ended 30 September 2011 (Unaudited) *HK$'000*	For the year ended 31 March 2011 (Audited) *HK$'000*	2010 (Audited) *HK$'000*
Turnover	125,053	173,792	151.357
Profit/(loss) for the period/year	44,703	(279,727)	(1,159,246)

For the six months ended 30 September 2011, the turnover of Culture Landmark was HK$125.05 million, representing an increase of 45.73% from HK$85.81 million in the same period of 2010. The increase was contributed by the increase in license fee collection business, hotel operations, entertainment business and the newly acquired exhibition-related business and property sub-leasing business. Culture Landmark reported a profit for the first half of 2011 amounted to HK$44.70 million as compared to loss of HK$45.61 million in the same period of 2010. The profit was mainly due to the gain on disposal of an investment property.

For the year ended 31 March 2011, the turnover of Culture Landmark was HK$173.79 million, representing an increase of 14.82% as compared to the financial year 2010. The rise was mainly due to the revenue from license fee collection business, food and beverages and sale of food and beverages from restaurant operations. Culture Landmark reported loss of HK$279.73 million for the year ended 31 March 2011. The loss for the year 2011 was improved by 75.87% as compared to the financial year 2010. The improvement in loss result was mainly due to the gain on disposal of investment properties in the financial year 2011 and the impairment loss on (i) payments for leasehold land held for own use under operating leases; (ii) assets classified as held for sale; and (iii) an amount due from a related company, which are incurred in the financial year 2010.

For the year ended 31 March 2010, the turnover of Culture Landmark was HK$151.36 million, representing a decrease of 30.08% as compared to that of 2009 (2009: HK$216.46 million). The decrease was attributed by a decrease in the turnover of wedding services, hotel operations and entertainment business. Culture Landmark incurred a loss of HK$279.72 million for the year ended 31 March 2010. The loss was mainly due to the impairment loss in respect of goodwill arising from the acquisition and an amortisation in respect of intangible assets arising from the acquisition.

(xv) Wo Kee Hong (Holdings) Limited ("Wo Kee Hong")

	For the six months ended 30 June	For the year ended 31 December	
	2011	**2010**	**2009**
	(Unaudited)	**(Audited)**	**(Audited)**
	HK$'000	*HK$'000*	*HK$'000*
Turnover	847,857	1,604,161	1,240,716
Profit/(loss) for the period/year	5,001	35,485	(151,190)

For the six months ended 30 June 2011, the turnover of Wo Kee Hong was HK$847.86 million, representing an increase of 25.24% from HK$676.93 million in the same period of 2010. The increase was contributed by the increase in the business of cars and electrical appliances. Wo Kee Hong reported a profit for the first half of 2011 amounted to HK$5.00 million, representing a decrease of 84.07% as compared to the same period of 2010 (2010: HK$31.40 million). The decrease in profit was mainly due to the non-recurring gains recorded in 2010 and was irrelevant to the business performance of Wo Kee Hong.

For the year ended 31 December 2010, the turnover of Wo Kee Hong was HK$1,604.16 million, representing an increase of 29.29% as compared to 2009. The increase was contributed by the increase in sales of goods to customers, which net of returns and discounts, and maintenance service income. Wo Kee Hong reported a profit of HK$35.49 million for the year ended 31 December 2010, representing an increase of 122.81% as compared to a loss of HK$151.19 million in 2009. The profit was mainly due to the strong recovery of its turnover, the net gain on disposal of subsidiaries during 2010 and the restricting costs incurred in 2009.

For the year ended 31 December 2009, the turnover of Wo Kee Hong was HK$1,240.72 million, representing a decrease of 5.16% as compared to 2008. The unsatisfactory turnover performance was due to the financial tsunami throughout the material time of 2009. Wo Kee Hong reported a loss of HK$151.19 million for the year ended 31 December 2009, representing a decrease of 156.03% as compared to 2008 (2008: loss of HK$59.05 million). The enlargement of loss was mainly due to the restricting costs incurred in 2009 and impairment on goodwill.

(xvi) Forefront Group Limited ("Forefront")

	For the six months ended 30 June	For the year ended 31 December	
	2011	**2010**	**2009**
	(Unaudited)	**(Audited)**	**(Audited)**
	HK$'000	*HK$'000*	*HK$'000*
Turnover	(34,920)	(21,703)	46,518
Loss for the period/year	(102,465)	(229,463)	(61,612)

For the six months ended 30 June 2011, Forefront recorded a negative turnover of HK$34.92 million as compared to a positive turnover of HK$12.96 million in the same period of 2010. The negative turnover was mainly due to the net loss on disposal of financial assets at fair value through profit or loss. Forefront reported a loss for the first half of 2011 amounted to HK$102.47 million as compared to HK$88.36 million for the same period of 2010. The loss was mainly due to the realised and unrealised losses arisen from securities portfolio held during the period.

For the year ended 31 December 2010, Forefront recorded a negative turnover of HK$21.70 million as compared to a positive turnover of HK$46.52 million in 2009. The decrease was attributed by the net loss on disposal of financial assets at fair value through profit or loss. Forefront reported a loss of HK$229.46 million for the year ended 31 December 2010 as compared to a loss of HK$61.61 million in 2009. The enlargement of loss was mainly attributed to the loss from securities trading, provision on doubtful debts and impairment loss on intangible assets.

For the year ended 31 December 2009, Forefront recorded a positive turnover of HK$46.52 million as compared to a negative turnover of HK$71.56 million in 2008. The increase was attributed by the net gain on disposal of financial assets at fair value through profit or loss. Forefront reported a loss of HK$61.61 million for the year ended 31 December 2009 as compared to a loss of HK$274.30 million in 2008. The improvement in the loss result was mainly attributed to the profits from securities trading transactions, recovery of doubtful debts and offset by cost of shares base payments in relation to the issuance of share options and the impairment on the investment in an associate.

(xvii) Unity Investments Holdings Limited ("Unity")

	For the six months ended 30 June	For the year ended 31 December	
	2011	**2010**	**2009**
	(Unaudited)	**(Audited)**	**(Audited)**
	HK$'000	*HK$'000*	*HK$'000*
Turnover	(18,978)	(29,978)	(16,039)
Loss for the period/year	(109,739)	(64,962)	(100,618)

For the six months ended 30 June 2011, Unity recorded a negative turnover of HK$18.98 million as compared to a negative turnover of HK$5.79 million in the same period of 2010. The negative turnover was mainly due to the decrease in results from the sale of listed investments held for trading. Unity reported a loss for the first half of 2011 amounted to HK$109.74 million as compared to HK$17.91 million for the same period of 2010. The loss was mainly due to change in fair value of listed investments classified under investments held for trading, realised loss on disposal of listed investments classified under available-for-sale investments and impairment of listed equity investments classified under available-for-sale investments.

For the year ended 31 December 2010, Unity recorded a negative turnover of HK$29.98 million as compared to a negative turnover of HK$16.04 million in 2009. The decrease was attributed by the loss from the sale of listed investments classified under investments held for trading. Unity reported a loss of HK$64.96 million for the year ended 31 December 2010 as compared to a loss of HK$100.62 million in 2009. The improvement of loss result was mainly attributed to the change in fair value of listed equity investments classified under investments held for trading, change in fair value of unlisted debt investments designated as at fair value through profit or loss and realised loss on disposal of listed equity investments classified under available-for-sale investments.

For the year ended 31 December 2009, Unity recorded a negative turnover of HK$16.04 million as compared to a negative turnover of HK$6.33 million in 2008. The decrease was loss from the sale of listed investments classified under investments held for trading. Unity reported a loss of HK$100.62 million for the year ended 31 December 2009 as compared to a loss of HK$458.43 million in 2008. The improvement in the loss result was mainly attributed by change in fair value of listed equity investments classified under investments held for trading, change in fair value of derivative financial instruments, reversal of unlisted debt investments classified under available-for-sale investments, realised loss on disposal of listed investments classified under available-for-sale investments.

(xviii) Tack Fiori International Group Limited ("Tack Fiori")

	For the six months ended 30 September 2011	For the year ended 31 March	
	2011	2011	2010
	(Unaudited)	(Audited)	(Audited)
	HK$'000	*HK$'000*	*HK$'000*
Turnover	29,580	53,694	55,648
Profit/(loss) for the period/year	1,361,866	(91,181)	(58,921)

For the six months ended 30 September 2011, Tack Fiori recorded a turnover of HK$29.58 million as compared to a turnover of HK$22.79 million in the same period of 2010. The rise in turnover was mainly due to the increase in revenue generated by the luxury goods and accessories retailing business, the new business acquired during the six months period ended 30 September 2011. Tack Fiori reported a significant increase in the profit by 147.38% to HK$1,361.87 million for the six months ended 30 September 2011. The significant increase was mainly due to the gain on debt restructuring, gain on bargain purchase, which was arised from such acquisition and was calculated based on the difference between the consideration transferred and the net assets value of the acquiree.

For the year ended 31 March 2011, Tack Fiori recorded a turnover of HK$53.69 million as compared to a turnover of HK$55.65 million in 2009. The decrease was due to the plan of Tack Fiori to expand its sale network in the PRC was delayed as the conditional approval of resumption of trading from the Stock Exchange has not been obtained during the financial year of 2011. Tack Fiori reported a loss of HK$91.18 million for the year ended 31 March 2011 as compared to a loss of HK$58.92 million in 2010. The drop in loss result was mainly attributed to the provision for bank loan guarantees for deconsolidated subsidiaries, a one-off revenue from reversal of excess provision in current tax payable and an exchange gain and rental income generated in the financial year of 2010.

For the year ended 31 March 2010, Tack Fiori recorded a turnover of HK$55.65 million as compared to a turnover of HK$107.68 million in 2009. The decrease was due to the limited working capital and a reduction of Tack Fiori's sales points in the PRC. Tack Fiori reported a loss of HK$58.92 million for the year ended 31 March 2010 as compared to a loss of HK$87.13 million in 2009. The improvement in the loss result was mainly attributed by decrease in the administrative and other operating expenses.

(xix) China Environmental Energy Investment Limited ("China Environmental Energy")

	For the six months ended 30 September 2011	For the year ended 31 March	
	2011	2011	2010
	(Unaudited)	(Audited)	(Audited)
	HK$'000	*HK$'000*	*HK$'000*
Turnover	25,557	53,455	61,883
(Loss)/profit for the period/year	(36,406)	(3,444)	(39,963)

For the six months ended 30 September 2011, China Environmental Energy recorded a turnover of HK$25.56 million as compared to a turnover of HK$31.90 million in the same period of 2010. The decrease was attributed by the disposal of the entire equity interests in subsidiaries, which then two of its business segments have been discontinued during the six months period ended 30 September 2011. The loss of China Environmental Energy increased from HK$6.73 million for the six months ended 30 September 2010 to HK$36.41 million for the six months ended 30 September 2011. The loss was attributable to the impairment loss on investment in the electric car battery business and the increased cost incurred in connection with the acquisition of waste paper recycling business, financial consultancy fee and other legal and professional fees.

For the year ended 31 March 2011, China Environmental Energy recorded a turnover of HK$53.46 million as compared to a turnover of HK$61.88 million in 2009. The drop in turnover was due to the decrease in trading of laminates. China Environmental Energy reported a loss of HK$3.44 million for the year ended 31 March 2011 as compared to a loss of HK$39.96 million in 2010. The improvement in loss result was mainly attributed to the gain on disposal of land and buildings in the Suzhou subsidiary in the PRC.

For the year ended 31 March 2010, China Environmental Energy recorded a turnover of HK$61.88 million as compared to a turnover of HK$129.39 million in 2009. The decrease was due to the drop in the manufacture and sale of laminates, printed circuit boards and copper foils. China Environmental Energy reported a loss of HK$39.96 million for the year ended 31 March 2010 as compared to a loss of HK$82.41 million in 2009. The improvement in the loss result was mainly attributed by the increase in fair value of investment properties and decrease in impairment loss recognised in respect of property, plant and equipment.

(xx) Rising Development Holdings Limited ("Rising Development")

	For the six months ended 30 September	For the year ended 31 March	
	2011	**2011**	**2010**
	(Unaudited)	**(Audited)**	**(Audited)**
	HK$'000	*HK$'000*	*HK$'000*
Turnover	56,912	109,443	140,970
Loss for the period/year	(203,567)	(122,144)	(182,714)

For the six months ended 30 September 2011, Rising Development recorded a turnover of HK$56.91 million as compared to a turnover of HK$87.05 million in the same period of 2010. The decrease was mainly due to the decrease in the trading in securities and trading of fur skins. The loss of Rising Development was HK$203.57 million for the six months ended 30 September 2011 as compared to HK$79.08 million in the last corresponding period. The loss was attributable to the increase in (1) impairment loss on exploration and evaluation assets; (2) selling and distribution expenses; (3) operating and administrative expenses; and (4) unrealised loss on investments in financial assets at fair value through profit or loss, and the decrease in the dividend income from financial assets at fair value through profit or loss.

For the year ended 31 March 2011, Rising Development recorded a turnover of HK$109.44 million as compared to a turnover of HK$140.97 million in 2010. The decrease in turnover was mainly due to drop in the business of trading of fur skins and trading in securities. Rising Development reported a loss of HK$122.14 million for the year ended 31 March 2011 as compared to a loss of HK$182.71 million in 2010. The improvement in loss result was mainly attributed to change in fair value of derivative components embedded in convertible notes and impairment loss of mining business which requires current market valuation each year on the vanadium mine right.

For the year ended 31 March 2010, Rising Development recorded a turnover of HK$140.97 million as compared to a turnover of HK$173.61 million in 2009. The decrease in turnover was mainly due to significant drop in the business of trading of fur skins. Rising Development reported a loss of HK$182.71 million for the year ended 31 March 2010 as compared to a loss of HK$67.04 million in 2009. The loss was mainly due to impairment loss of mining business which requires current market valuation each year on the vanadium mine.

(xxi) Kingston Financial Group Limited ("Kingston")

	For the six months ended 30 June	For the year ended 31 December	
	2011	2010	2009
	(Unaudited)	(Audited)	(Audited)
	HK$'000	*HK$'000*	*HK$'000*
Revenue	494,285	541,247	413,739
Profit for the period/year	160,062	100,904	231,687

For the six months ended 30 June 2011, Kingston recorded revenue of HK$494.29 million as compared to HK$241.99 million in the same period of 2010. Kingston also recorded a profit of HK$160.06 million for the six months ended 30 September 2011 as compared to HK$16.33 million in the last corresponding period. The increase in both the revenue and profit for the period was mainly contributed by the new businesses, namely provision of securities and futures brokerage, margin and IPO financing, securities underwriting and placements, corporate finance upon completion of an acquisition during the first half of 2011.

For the year ended 31 December 2010, Kingston recorded a turnover of HK$541.25 million as compared to HK$413.74 million in 2009. The increase in turnover was mainly due to rise in the businesses of the hotel ownership and management, food and beverage, casino and securities investment. Kingston reported a profit of HK$100.90 million for the year ended 31 December 2010 as compared to HK$231.69 million in 2010. The decline was mainly attributed to the decrease in (1) gain from sales of trading securities; (2) gain on disposal of available-for-sale investments; (3) gain on change in fair value of trading securities and the deficit on revaluation of leasehold land and buildings

For the year ended 31 December 2009, Kingston recorded revenue of HK$413.74 million as compared to HK$421.75 million in 2009. The decrease in turnover was mainly due to the double impact of both global economic downturn and H1N1 influenza from the mid of year 2009. Kingston reported a profit of HK$230.02 million for the year ended 31 December 2009 as compared to a loss of HK$179.91 million in 2008. The turnaround result of Kingston was mainly due to the gain from realised and unrealised trading securities, gain on disposal of available-for-sale investments and reversal of impairment loss on prepaid land lease payments.

(xxii) Suncorp Technologies Limited ("Suncorp")

	For the six months ended 30 June 2011 (Unaudited) *HK$'000*	For the year ended 31 December 2010 (Audited) *HK$'000*	2009 (Audited) *HK$'000*
Revenue	106,016	178,700	50,450
Loss for the period/year	(1,233)	(18,563)	(145,475)

For the six months ended 30 June 2011, Suncorp recorded revenue of HK$106.02 million, representing a significant increase of 287.97% over the last corresponding period in 2010 (2010: HK$27.33 million). The significant increase was primarily due to the continual increase in revenue generated from newly focused business activities which included design, sales and marketing activities of telephone products under the Motorola brand and extended the customer base from Asia to include Central and Eastern Europe, the Middle East and Africa. Although, Suncorp recorded a loss of HK$1.23 million for the six months period ended 30 June 2011, the loss result has been improved as compared to that of the same period in 2010. The improvement of the result was due to the fair value change on convertible notes and the drop in cost of inventories which recognised as expenses.

As stated in the annual report of Suncorp for the year ended 31 December 2010, we noted that revenue of Suncorp was amounted to HK$178.70 million, representing a sharp increase of 254.21% as compared to that in 2009. Such increase was mainly attributed to the newly focused business activities which included design, sales and marketing activities of telephone products under the Motorola brand and extended the customer base from Asia to include Central and Eastern Europe, the Middle East and Africa. On the other hand, Suncorp recorded a loss for the year of HK$18.56 million for the year ended 31 December 2010, as compared with a loss for the year of approximately HK$145.48 million in 2009, such improvement in loss was represented by the extension of the customer base and the fair value change on convertible instruments.

As stated in the annual report of Suncorp for the year ended 31 December 2009, Suncorp recorded revenue of HK$50.45 million, as compared to HK$219.86 million for the year ended 31 December 2008. Such decrease in turnover was mainly due to the change in Suncorp's operation mode from the sales and marketing of telephone products to the provision of assembly services of telephone and related equipment since May 2008. On the other hand, Suncorp recorded a loss of HK$145.48 million, while recorded a profit of approximately HK$78.81 million for the year ended 31 December 2008. The loss result in 2009 comprising approximately HK$131 million was generated from non-operating items, including fair value change on conversion options embedded in convertible loan notes, fair value change on convertible notes designated as at fair value through profit or loss, the recognition of the effective interest expenses on the convertible loan notes and other non-recurring expenses, which large fluctuation in the fair value was a result of the deconsolidation of the subsidiaries in 2008.

(xxiii) Beijing Yu Sheng Tang Pharmaceutical Group Limited ("Beijing Yu Sheng Tang")

	For the six months ended 30 September	**For the year ended 31 March**	
	2011	**2010**	**2009**
	(Unaudited)	**(Audited)**	**(Audited)**
	HK$'000	*HK$'000*	*HK$'000*
Revenue	775,758	1,878,475	859,758
Loss for the period/year	(239,216)	(121,170)	(16,747)

The revenue of Beijing Yu Sheng Tang increased from approximately HK$406.08 million during the six months ended 30 September 2010 to approximately HK$775.76 million for the corresponding period in 2011. The significant growth in revenue was mainly attributed by the growth of its supply and procurement business due to the strong demand of its steel mill customers in the PRC. Due to the overall loss incurred by its securities investment division, Beijing Yu Sheng Tang recorded a loss of approximately HK$239.22 million while the loss for the corresponding period in 2010 was approximately HK$83.03 million.

For the year ended 31 March 2011, the revenue of Beijing Yu Sheng Tang increased from approximately HK$859.76 million in 2010 to approximately HK$1,878.48 million in 2011, representing an increase of approximately 118.49%. Such increment was mainly driven by the strong growth of its supply and procurement division. The loss of Beijing Yu Sheng Tang increased from approximately HK$16.75 million for the year ended 31 March 2010 to approximately HK$121.70 million in 2011, which was mainly attributable to the loss incurred by its securities investment division.

For the year ended 31 March 2010, the revenue of Beijing Yu Sheng Tang amounted to approximately HK$859.76 million, representing an increase of approximately 145.54% from the revenue of approximately HK$350.15 million in 2009. Such increase in revenue was mainly attributed to the strong business growth of its supply and procurement division. For the year ended 31 March 2010, Beijing Yu Sheng Tang recorded an increased loss of approximately HK$121.17 million as compared to the loss of approximately HK$16.75 million in 2009. Such loss was mainly attributable to the loss incurred by the Group's securities investment division and the non-cash equity settled share-based payment expenses of HK$20,958,000.

(xxiv) Sinolink Worldwide Holdings Limited ("Sinolink")

	For the six months ended 30 June	**For the year ended 31 December**	
	2011	**2010**	**2009**
	(Unaudited)	**(Audited)**	**(Audited)**
	HK$'000	*HK$'000*	*HK$'000*
Turnover	204,270	1,280,936	3,999,178
Profit for the period/year	424,717	638,934	1,426,593

For the six months ended 30 June 2011, Sinolink's turnover amounted to HK$204.27 million, representing a decrease of 77.51% compared with the same period in 2010. Such decrease was mainly attributable to the decrease in the amount of properties available for sale. The profit for the period decrease from HK$573.45 million for the six months ended 30 June 2010 to HK$424.72 million for the same period in 2011. The increase in Sinolink's profit was due to the increase in fair value of investment properties.

For the year ended 31 December 2010, the revenue of Sinolink decreased from approximately HK$3,999.18 million in 2009 to approximately HK$1,280.94 million in 2010. The profit of Sinolink decreased from approximately HK$1,426.59 million in 2009 to approximately HK$638.93 million in 2010. The setback was mainly due to a significant decline in properties available for sale and therefore the sales revenue of Sinolink.

For the year ended 31 December 2009, the revenue of Sinolink increased from approximately HK$1,688.81 million in 2008 to approximately HK$3,999.18 million in 2009, representing an increase of approximately 136.80%. The profit of Sinolink increased from approximately HK$433.69 million in 2008 to approximately HK$1,426.59 million in 2009. The improvement in the financial results were mainly due to the satisfactory results in sales of Sinolink's two property projects and the rapid rebound of China's real estate market in 2009.

(xxv) Longlife Group Holdings Limited ("Longlife")

	For the year ended 30 September		
	2011	**2010**	**2009**
	(Audited)	**(Audited)**	**(Audited)**
	HK$'000	*HK$'000*	*HK$'000*
Turnover	45,017	84,184	160,522
Loss for the year	(46,040)	(18,065)	(84,417)

The turnover of Longlife for the year ended 30 September 2011 was approximately HK$45.02 million, representing a decrease of approximately 46.53% when compared to the turnover of approximately HK$84.18 million for the same period in 2010. The loss of Longlife increased from approximately HK$18.07 million in 2010 to approximately HK$46.04 million in 2011. The significant decrease in Longlife's revenue and loss for the year was principally due to the loss of investments in financial assets of HK$27,228,000 as a result of the instable global investment environment.

The turnover of Longlife for the year ended 30 September 2010 was approximately HK$84.18 million, representing a decrease of approximately 47.56% when compared to the turnover of approximately HK$160.52 million for the same period in 2009. The substantial decrease in sales was mainly due to the conversion of Longlife's sales model into an agency and dealership structure, and the continuous implementation of its strategy in streamlining low efficiency sales network. The loss of Longlife decreased from approximately HK$84.42 million in 2009 to approximately HK$18.07 million in 2010. The significant decrease in losses was due to the conversion of the Longlife's sales model into an agency and dealership structure, and the decrease in sales expenses resulting from the streamlining of low efficiency sales network.

The turnover of Longlife for the year ended 30 September 2009 was approximately HK$160.52 million, representing a decrease of approximately 41.04% when compared to the turnover of approximately HK$272.28 million for the same period in 2008. The sharp cut of revenue was that Longlife continuously executed the strategy of streamlining low efficiency sales network and shift of business model and people are more cautious in consumption under the global financial crisis. The loss of Longlife increased from approximately HK$37.43 million in 2008 to approximately HK$84.42 million in 2009. The increase in Longlife's loss for the year was due to (1) the streamlining in low efficiency sales network and employees which resulted in decrease in revenue and selling expenses; (2) the shift of business and sales model which caused a direct loss of HK$35,030,000; (3) the impairment of goodwill; and (4) the dissatisfactory result in Longlife's dental business.

(xxvi) China Public Healthcare (Holding) Limited ("China Public Healthcare")

	For the six months ended 30 June	**For the year ended 31 December**	
	2011	**2010**	**2009**
	(Unaudited)	**(Audited)**	**(Audited)**
	HK$'000	*HK$'000*	*HK$'000*
Turnover	108,615	388,378	15,345
Profit/(loss) for the period/year	7,097	136,730	(354,723)

For the six months ended 30 June 2011, China Public Healthcare's turnover amounted to HK$108.62 million, representing a decrease of 61.08% compared with the same period in 2010. Such decrease was mainly due to the terms of contract from customers were still not yet finalised. As a result, the profit of China Public Healthcare decrease from approximately HK$121.74 million for the six months ended 30 June 2009 to HK$7.10 million for the same period in 2011, representing a significant decrease of approximately 94.17%.

Turnover for the year ended 31 December 2010 was approximately HK$388.38 million, representing an increase of approximately 2,430.16% when compared to the turnover of approximately HK$15.35 million for the same period in 2009. The increase in turnover was due to the increase in market demand on electronic medical record business during the year. China Public Healthcare record a profit of approximately HK$136.73 million for the year ended 31 December 2010 as compared to a loss of approximately HK$354.72 for the same period in 2009. The increase in profit was mainly attributed to the China Public Healthcare's newly introduced healthcare information technology business in November 2009.

Turnover for the year ended 31 December 2009 increased to approximately HK$15.35 million as compared to the turnover of approximately HK$14.02 million for the same period in 2008. Even though the turnover from its radio trunking business has decreased, the effect was outweighed by the turnover contribution from its new business in healthcare information technology. China Public Healthcare recorded a loss of approximately HK$354.72 million for the year ended 31 December 2009 as compared to a loss of approximately HK$60.95 for the same period in 2008. The increase in loss was mainly attributed to a significant impairment loss from mining rights of HK$314.51 million.

(xxvii) Code Agriculture (Holdings) Limited ("Code Agriculture")

	For the six months ended 30 September	**For the year ended 31 March**	
	2011	**2011**	**2010**
	(Unaudited)	**(Audited)**	**(Audited)**
	HK$'000	*HK$'000*	*HK$'000*
Revenue	448,459	597,268	220,796
Profit/(loss) for the period/year	25,948	(224,785)	(290,343)

For the six month periods ended 30 September 2011, Code Agriculture's turnover was approximately HK$448.46 million while the turnover was approximately HK$263.46 million for the same period in 2010, which were increased by 70.22% when compared to the corresponding period of 2010. The financial result has been improved from a loss of approximately HK$27.03 million in 2010 to a profit of approximately HK$25.95 million in 2011. Such improvements were mainly contributed by the encouraging results recorded by the agricultural-related machinery and construction division that was acquired by Code Agriculture during the financial year 2009/2010.

The revenue of Code Agriculture increased from approximately HK$220.80 million for the year ended 31 March 2010 to approximately HK$597.27 million for the corresponding period in 2011. The increase in revenue was due to the expansion in Code Agriculture's business to sales of agricultural machinery and fertilizer products since February 2010, and the results of the business was completely reflected during the year. The loss of Code Agriculture decreased from approximately HK$290.34 million in 2010 to approximately HK$224.79 million for the same period in 2011, which was mainly resulted from the loss from operations of its cordyceps related and other healthcare products, the one-off provision for impairment on patent, technology and goodwill, and non-cash equity settled share based payment expenses.

Revenue for the year ended 31 March 2010 increased to approximately HK$220.80 million as compared to the revenue of approximately HK$6.82 million for the same period in 2009. The increase was mainly due to the revenue contributed by newly acquired businesses in sales of agricultural machinery and fertilizer. Code Agriculture recorded a loss of approximately HK$290.34 million for the year ended 31 March 2010 as compared to a loss of approximately HK$286,140 for the same period in 2009. The increase in loss was mainly due to impairment of goodwill and patent of cordyceps related business, and a loss on discontinuing operations.

(xxviii) Inno-Tech Holdings Limited ("Inno-Tech")

	For the year ended 30 June		
	2011	**2010**	**2009**
	(Audited)	**(Audited)**	**(Audited)**
	HK$'000	*HK$'000*	*HK$'000*
Turnover	30,140	9,345	78,112
Loss for the year	(85,031)	(227,392)	(391,000)

For the year ended 30 June 2011, Inno-Tech recorded a turnover of approximately HK$30.14 million, representing an increase of approximately 222.35% compared with the turnover of approximately HK$9.35 million for the same period in 2010. The increment was mostly contributed by the revenue stream which derived from the outdoor advertising business which commenced in October 2010. The loss for the year decreased from approximately HK$227.39 million in 2010 to approximately HK$85.03 million in 2011. The loss was mainly attributable to the substantial reduction in the valuation of the intelligent system business of Inno-Tech resulting from a revision of business strategy and focus due to (1) market conditions in the property sector in the PRC has proved to be tough and various government measures to cool down this sector had been put in place; (2) unable to maintain sufficient amount of sales order from the slow resident market in the PRC; and (3) amortisation of the intangible assets.

For the year ended 30 June 2010, Inno-Tech recorded a turnover of approximately HK$9.35 million, representing a decrease of approximately 88.03% compared with the turnover of approximately HK$78.11 million for the same period in 2009. The loss for the year decreased from approximately HK$391.00 million in 2009 to approximately HK$227.39 million in 2010. The loss was mainly attributable to the substantial reduction in the valuation of the gold mining business of Inno-Tech resulting from a revision of business strategy and focus due to (1) changes in the regulatory environment; (2) market sentiment in respect of companies engaging in gold mining business on a small scale; and (3) delay in making progress in increasing the output of the Zhang Jia Fan Gold Mine, the only gold mine held by the Inno-Tech.

For the year ended 30 June 2009, Inno-Tech recorded a turnover of approximately HK$78.11 million, representing a decrease of approximately 45.75% compared with the turnover of approximately HK$143.97 million for the same period in 2008, which was mainly due to the decrease in income from the business of design of residential intranet, provision of home-automation services and trading of related products. The loss for the year increased from approximately HK$71.35 million in 2008 to approximately HK$391.00 million in 2009. The loss was mainly attributable to (1) decrease in turnover; (2) impairment loss recognized in respect of trade debtors; (3) loss on disposal of subsidiaries; and (4) written off on intangible assets.

(xxix) China New Energy Power Group Limited ("CNEP")

	For the six months ended 30 June	For the year ended 31 December	
	2011	**2010**	**2009**
	(Unaudited)	**(Audited)**	**(Audited)**
	HK$'000	*US$'000*	*US$'000*
Turnover from continuing operations	32,328	13,106	15,605
Loss for the period/year	(608,643)	(100,845)	(54,108)

For the six months ended 30 June 2011, the turnover of CNEP decrease from approximately HK$42.52 million in 2010 to approximately HK$32.33 million in 2011, representing a decrease of approximately 23.97%. The drop in revenue was partly due to the disposal of the food processing and distribution business, which therefore did not generate revenue for CNEP during the period. The loss of CNEP increased from approximately HK$466.74 million for the six months ended 30 June 2010 to approximately HK$608.64 million for the same period in 2011. The increase in loss was mainly due to the increase in net losses on fair value change of the derivative financial instruments as well as administrative expenses.

For the year ended 31 December 2010, the turnover from continuing operations of CNEP decreased from approximately US$15.61 million in 2009 to approximately US$13.11 million in 2010, representing a decrease of approximately 16.02%. The loss for the year increased from approximately US$54.11 million for the year ended 31 December 2009 to approximately US$100.85 million for the corresponding period in 2010. The increase in loss was mainly due to the increase in net losses on fair value change of the derivative financial instruments and warrants as well as administrative expenses.

For the year ended 31 December 2009, the turnover from continuing operations of CNEP decreased from approximately US$21.88 million in 2008 to approximately US$15.61 million in 2009, representing a decrease of approximately 28.66%. The loss for the year increased from approximately US$32.25 million for the year ended 31 December 2008 to approximately US$54.11 million for the corresponding period in 2009. The increase in loss was mainly due to the increase in net losses on fair value change of the derivative financial instruments and warrants.

We have a further review on such investee companies' annual report and noted that major part of revenue of CC Land Holdings Limited and Renhe Commercial Holdings Company Limited are generated from the PRC market, in which they are engaged in property development and investment in Hong Kong and in the PRC and development, lease and management of underground shopping mall in the PRC. With reference to the statistics announced by the National Bureau of Statistics of China, the PRC property investment in the urban cities is experiencing an upward trend, which recorded an increase of approximately 23.0%, 19.9% and 33.5% in 2008, 2009 and 2010 respectively. On the other hand, the government of the PRC has recently implemented a series of control policies and measures on the PRC's property market. The housing prices and sales volume have undergone different level of adjustments in various cities in the PRC. Nevertheless, these control policies and measure are mainly focus on the residential property market. With reference to the financial reports of the companies, CC Land holdings Company Limited has a diversified property development portfolio in residential and commercial property market, while Renhe Commercial Holdings Company Limited is mainly focus on the operation of retail commercial properties. Moreover, it is expected that these control measures implemented by the government of the PRC are aim to avoid any unhealthy and unsustainable development and prevent the over-heating of the property market, but not to create any turbulence on the property market which may come with disastrous effect to the market. In light of the above, we concur with the view of the Directors that even with the negative impact brought to the property market, these control policies and measures are in the interest of any stakeholders in the market and will facilitate a sustainable and healthy development of the property market in long run.

With reference to the Hong Kong Monetary Authority Quarterly Bulletin issued in June 2011, we noted that certain factors affecting the overall profitability and performance of the banking industry have been improved and became more favourable. The net interest income rose steadily even though the net interest margin declined from 1.26% in the fourth quarter of 2010 to 1.23% in the first quarter of 2011, which was mainly due to an increase in interest bearing assets of banks. The increase in net interest income was supported by the increase in domestic lending, which rose by 6.3% in the first quarter of 2011 after rising 0.3% in the fourth quarter of 2010. Retail banks' total loans and advance increased by 6.4% in the first quarter of 2011 while customer deposits grew by 2.3%, which resulted in an increase of overall loan-to-deposit ratio of retail banks from 52.8% at the end of 2010 to 54.9% at the end of March in 2011. As a result, the aggregate pre-tax opening profit of retail banks' Hong Kong offices rose by 26.6% in the first quarter of 2011 when compared to the same period in 2010. Besides, since Hong Kong will be benefit from the PRC economy and brought lots of business and investment opportunities to Hong Kong, the operating environment of banking and financial industry will then be robust. Two of the proposed investee companies of which their principal businesses are in providing banking and financial services, namely Chong Hing Bank Limited and Freeman Financial Corporation Limited, are therefore expected to be benefited from the sound prospect of the industry.

We have enquired into the Directors regarding the performance of the investments made by the Company and reviewed the management discussion and analysis of the financial reports for the two financial years ended 2010 and for the six months ended 2011 of the companies invested and/or to be invested by the Company. Upon our enquiry and revision, we are of the view that the Company's investments in its existing portfolio were under the influenced of the prolonged effects of the global financial tsunami and European sovereign debt crisis, in which the global financial markets have experienced significant and unprecedented market turbulence and volatility. As noted from the 2010 Annual Report and 2011 Interim Report, the Group has continually been looking for appropriate investment opportunities which are in the interests of both the Shareholders and the Group as well as strengthen its capital base when opportunity arises. Given its nature as a Chapter 21 investment company with principal investment objective to profit from short to medium term capital appreciation through investing in listed or unlisted enterprise in Hong Kong and/or the PRC, any investments made by the Company will be subject to market fluctuation and certain risks inherent in all investments which are unpredictable and out of the Company's control. Nevertheless, these investment decisions were made by the Company pursuant to the procedures adopted by the Company in exploration and identification of investment opportunities, after making reference to the investment report and the recommendation made by the Investment Manager, all of which has to be approved by the majority of the executive Directors. Even though the financial performance of certain investee companies are undesirable and their corresponding share prices reached lower level in 2011, the Company would like to apply part of the net proceeds in its existing portfolio and average down the purchase cost per share in these investments given the more attractive pricing at current price level. Upon our discussion with the Directors, they believe that the historical loss resulted from the existing portfolio does not mean that they will not have a turnaround in their earnings in future. Therefore, according to the internal assessment and/or evaluation, based on the recommendations made by the Investment Manager, on the existing portfolio, the Company will continue to use part of the proceeds from the Rights Issue of the sum of approximately HK$18 million to HK$60 million in its existing portfolio in accordance with its objectives, policy and procedures. We also noted that the Company intends to maintain a diversified investment portfolio to avoid over-exposure of any kind of firm-specific risks which are diversifiable in nature through a diversified asset allocation. By increasing the number of securities in its portfolio, the Company will be able to enjoy a better risk diversification and may improve the return-to-risk position of its portfolio. To turn around and improve the performance, the Company may need a considerable amount of financial resources. In case the executive Directors do not want to liquidate any investment in its current portfolio, which may be due to a number of factors including unfavourable timing and unfavourable market conditions, the Company has to rely on fund raised from the Rights Issue. Given the principal investment objectives of the Company, we are of the view that this investment strategy is fair and reasonable and is in the interest of the Company and the Shareholders as a whole.

Most of the Company's investment portfolio recorded losses for the last three financial years ended 31 December 2010. As confirmed by the Company, the Company's investments and returns during the said period were loss of approximately HK$388.62 million for the year ended 31 December 2008, a strong recovery of profit in the amount of approximately HK$58.77 million for the year ended 31 December 2009 and loss of approximately HK$48.05 million for the year ended 31 December 2010. In order to assess the performance of the Company, we have examined the changes in the NAV per Share as compared to the performance of Hang Seng Index during the year of 2008 to 2010. The NAV per Share was adjusted by two consolidations of shares conducted by the Company during the said period. Instead of using the total NAV, the adjusted NAV per Share was taken into account of the effect of share consolidations conducted in the past and the incremental effect of any fund raising activities on the NAV is most likely reflected by a corresponding increase in the number of Shares in issue if equity financing is conducted. The new adjusted NAV per Share would then represent the impact on the share consolidations and the proceeds raised from those fund raising activities to certain extent. The Hang Seng Index recorded a downtrend in 2008 as compared to 2007 and then switched to an uptrend during the recovery in 2009. The NAV per Share has recorded a rate of changes underperforming the performance of Hang Seng Index during the period. In order to further assess the performance of the Company during such period among other investment companies, we have then reviewed the changes in NAV per shares of 24 Chapter 21 investment companies. We have excluded three investment companies as two of them were either not listed until 2011 or suspended in trading since 2008 and another one designated the same investment manager as the Company. 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 targets including listed securities in Hong Kong, and we are of the view that such comparison can 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 of outperformed/underperformed Hang Seng Index as at 31 December 2008, 2009 and 2010:

		Percentage change in NAV per share			Percentage of outperformed/ (underperformed) Hang Seng Index		
		2010	2009	2008			
		%	%	%			
	Benchmark: Hang Seng Index	5.32%	52.02%	(48.27%)			
Stock code	**Company name**	**2010**	**2009**	**2008**	**2010**	**2009**	**2008**
		%	%	%	%	%	%
133	China Merchants China Direct Investments Limited	(18.61%)	76.54%	(64.70%)	(23.93%)	24.52%	(16.43%)
170	China Assets (Holdings) Limited	8.81%	15.06%	(26.12%)	3.49%	(36.96%)	22.15%
204	Temujin International Investments Limited	(127.88%)	(65.90%)	(61.65%)	(133.20%)	(117.92%)	(13.38%)

Stock code	Company name	Percentage change in NAV per share 2010 %	2009 %	2008 %	Percentage of outperformed/ (underperformed) Hang Seng Index 2010 %	2009 %	2008 %
310	Prosperity Investment Holdings Limited *(Note 1)*	(75.26%)	(41.54%)	(50.76%)	(80.58%)	(93.56%)	(2.49%)
339	Earnest Investments Holdings Limited	31.32%	62.73%	(80.43%)	26.00%	10.71%	(32.16%)
428	Harmony Asset Limited	14.11%	8.75%	(17.44%)	8.79%	(43.27%)	30.83%
612	China Investment Fund Co. Limited	8.33%	50.00%	(42.86%)	3.01%	(2.02%)	5.41%
666	SHK Hong Kong Industries Limited	0.00%	(6.25%)	(38.46%)	(5.32%)	(58.27%)	9.81%
721	China Financial International Investments Limited	0.00%	87.50%	(27.27%)	(5.32%)	35.48%	21.00%
768	UBA Investments Limited	29.81%	20.93%	(48.81%)	24.49%	(31.09%)	(0.54%)
770	Shanghai International Shanghai Growth Investment Limited	32.34%	(3.29%)	(19.80%)	27.02%	(55.31%)	28.47%
810	Opes Asia Development Limited	3.48%	57.35%	(51.26%)	(1.84%)	5.33%	(2.99%)
905	Mastermind Capital Limited	152.63%	0.00%	90.00%	147.31%	(52.02%)	138.27%
1062	New Capital International Investment Limited	14.53%	3.69%	(7.81%)	9.21%	(48.33%)	40.46%
1140	OP Financial Investments Limited	5.49%	36.67%	9.09%	0.17%	(15.35%)	57.36%
1160	Grand Investment International Limited	(11.43%)	2.94%	(26.09%)	(16.75%)	(49.08%)	22.18%
1217	China Innovation Investment Limited	20.00%	0.00%	3.73%	14.68%	(52.02%)	52.00%
1226	China Investment and Finance Group Limited	66.67%	(101.85%)	378.48%	61.35%	(153.87%)	426.75%
1227	National Investments Fund Limited *(Note 2)*	(18.75%)	23.08%	(48.00%)	(24.07%)	(28.94%)	0.27%
2312	China Financial Leasing Group Limited *(Note 3)*	190.00%	(71.43%)	(82.28%)	184.68%	(123.45%)	(34.01%)
2324	Capital VC Limited *(Note 4)*	10.28%	(30.62%)	(31.82%)	4.96%	(82.64%)	16.45%
	Maximum	190.00%	87.50%	378.48%			
	Minimum	(127.88%)	(101.85%)	(82.28%)			
	Average	15.99%	5.92%	(11.63%)			
	Total number of comparables which outperformed Hang Seng Index				13	4	14
	Total number of comparables which underperformed Hang Seng Index				8	17	7
901	The Company *(Note 5)*	(77.90%)	32.12%	(88.19%)			

Source: The Stock Exchange and Yahoo Finance

Notes:

1. As refer to the announcement of Prosperity Investment Holdings Limited ("Prosperity Investment") dated 17 January 2008, it has consolidated its shares on the basis of every ten issued and unissued shares into one new ordinary share, which was effective from 27 February 2008. As such, the percentage change in NAV per share of Prosperity Investment has taken into consideration of such consolidation of shares.

2. As refer to the announcement of National Investments Fund Limited ("National Investments") dated 6 August 2010, it has consolidated its shares on the basis of every five issued and unissued shares into one new ordinary share, which was effective from 14 September 2010. As such, the percentage change in NAV per share of National Investments has taken into consideration of such consolidation of shares.

3. As refer to the announcement of China Financial Leasing Group Limited ("CFL") dated 4 November 2008, it has consolidated its shares on the basis of every five issued and unissued shares into one new ordinary share, which was effective from 19 December 2008. As such, the percentage change in NAV per share of CFL has taken into consideration of such consolidation of shares.

4. As refer to the announcements of Capital VC Limited ("Capital VC") dated 3 June 2008 and 15 January 2009, it has conducted two consolidations of shares, of which it has consolidated its shares on the basis of every two issued and unissued shares into one new ordinary share, which was effective from 18 August 2008. Also, it has consolidated its shares on the basis of every five issued and unissued shares into one new ordinary share, which was effective from 16 February 2009. As such, the percentage change in NAV per share of Capital VC has taken into the consideration of such consolidations of shares.

5. The Company has conducted two consolidations of shares during the year of 2008 to 2010. As such, the adjusted NAV per Share has taken into consideration of the effect of consolidation of shares. As refer to its announcements dated 3 January 2008, the Company has consolidated its Shares on the basis of every five issued and unissued Shares into one new ordinary Share, which was effective from 26 February 2008. Also, the Company has announced on 3 August 2009, the Company has consolidated its Shares on the basis of every five issued and unissued Shares into one new ordinary Share, which was effective from 23 February 2010.

Upon our analysis, we noted that there were (i) 7 out of 21 investment companies which underperformed Hang Seng Index in 2008; (ii) 17 out of 21 investment companies which underperformed Hang Seng Index in 2009 and (iii) 8 out of 21 investment companies which underperformed Hang Seng Index in 2010, in which there were 2 out of 21 investment companies which recorded underperformance for the three years ended 31 December 2010 as well. The underperformance of the Company during the period may be explained by the Company's investment portfolio, including non-blue chip stocks, which would relatively fluctuate to the changes in market. 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 during the period, is not the only case among the investment companies in the market.

Besides, each investment made by the Company has been conducted according to the internal investment procedures. The Board would source and identify target companies for potential investment through referral from the Investment Manager from time to time. Upon receiving the advice from the Investment Manager, the executive Directors would assess whether such potential investments fall within the investment objective, policies and restrictions of the Company. According to the investment guidelines and policies of the Company, at least 70% of the Company's investment will be made in the form of equity and equity-related securities, debt instruments issued by listed and unlisted companies, which are based primarily in Hong Kong and/or the PRC (i.e. not more than 30% of its investment may be made outside Hong Kong and the PRC) and are engaged in different industries, but with a certain degree of synergy with other investee companies. The co-operation 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 which is unfavourable in the market. Should the proper investment arise, the Directors may link up two investee companies in which their businesses are related. For example, the Company believes that the blooming property market will continue and the Company has made an investment in a property development company and if there is an investment opportunity in an unlisted construction company available to the Company, the Company would consider referring it to the property development company for co-operation after making the investment in it. In such case, it will bring synergy to both of them and their co-operation would be of mutual benefit to each other. Further elaborated by the Directors, the executive Directors would link up two investee companies in which their businesses are related so as to benefit from synergy effect. In case a potential investment outside Hong Kong and/or the PRC is identified, the executive Directors would check whether 30% of the Company's investments are made outside Hong Kong and the PRC if the Company decides to proceed with such investment. If the 30% benchmark is exceeded, the executive Directors will not make the investment which violates the Company's investment objectives, policies and restrictions. However, as confirmed by the Directors, none of the Company's investment meets the above optional investment policy of the Company as at the Latest Practicable Date.

If the internal investment procedures are qualified, the executive Directors would base on the Investment Manager's recommendation to consider and determine whether or not to further explore such identified potential investment opportunity. The executive Directors will then vote on the project. In the event that the majority of the executive Directors pass a resolution in respect of the project, the Company will act accordingly. Although the existing executive Directors do not have any past third party fund management experience, two out of four existing executive Directors, namely Mr. Chung Yuk Lun and Mr. Koji Shimazaki have been serving on the Board for more than 9 years and 6 years respectively. They are responsible for making the Company's investment decisions in accordance with the internal investment procedure and the day-to-day management of the Company. As such, Mr. Chung Yuk Lun and Mr. Koji Shimazaki are equipped to be capable for making investment decisions. The Directors expressed that the Board should encompass directors with different experience and qualifications so that the different management functions of the Company can be discharged properly and effectively. Therefore, in June 2011, the Company appointed two executive Directors, namely Mr. Sam Nicholas David Hing Cheong and Mr. Cheung Wing Ping, who are suitably qualified by the Company. Their respective responsibilities are dealing with compliance and accounting matters of the Company. Even though Mr. Sam Nicholas David Hing Cheong and Mr. Cheung Wing Ping do not have relevant experience in the professional management of investments on behalf of third party investors, every investment decision made by the executive Directors is after a due care and consideration, which is in accordance with the internal procedures of the Company, including (i) evaluating the investments to ensure that they fall within the Company's investment objectives, policies and restrictions; (ii) considering the investment advice from the investment advisory reports provided by the Investment Manager; and (iii) convening a meeting to consider and determine whether to make the investments based on the recommendations contained in the investment advisory reports from the Investment Manager. Having considered two out of four existing executive Directors have been actively participating in the Company's investment decision making process and gaining extensive fund management experience and the investment decisions made by the executive Directors are after a due care and consideration, we considered that the investment decisions by way of approval by the majority of executive Directors are acceptable.

As mentioned in the section headed "Background information of the Company", the Company has frequent fund raising history, which conducted seven fund raising exercises since 2009 (including one placing activity was mutually terminated by the Company and the placing agent and one rights issue was voted against by the Shareholders at the extraordinary general meeting held on 27 June 2011). In order to assess the frequent fund raising pattern, we attempted to compare the fund raising history between the Company and other Chapter 21 investment companies. We noted that the frequent fund raising activities conducted by the Company is close to the high end among the other Chapter 21 investment companies, namely China Financial International Investments Limited, Unity Investments Holdings Limited, China Financial Leasing Group Limited and Capital VC Limited, where only four other Chapter 21 investment companies have similar number of previous fund raising activities.

After reviewing the relevant fund raising activities of the Company during the three years immediately prior to the Latest Practicable Date, we noted that the fund raising activities of the Company were determined after arm's length negotiation with reference to the prevailing market price and in comply with the Listing Rules. As noted from the Company's announcement dated 29 June 2011, it has recently raised HK$51.67 million through rights issue to meet its fund requirement to carry out the committed investments of the Group in Bao Yuan and 3D-GOLD and as general working capital of the Group. However, the resumption proposal of 3D-GOLD has not been approved by the Stock Exchange as at the Latest Practicable Date, the net proceeds have been used to take up the rights shares in Bao Yuan and invest in accordance with the investment objectives of the Company. Considering the principal investment objectives of the Company, the Rights Issue proposed after completion of the pervious rights issue is acceptable. Although the remaining fund raised did not have specific investment targets as at the time of the relevant fund raising, the Company had already fully disclosed to its Shareholders that the use of proceeds were applied for general purpose to provide sufficient capital supports to the Company's investment activities, to which the Shareholders had approved at the corresponding extraordinary general meetings. As discussed with the Directors, we also note that the actual use of net proceeds from the fund raising activities during the past three years were in accordance with its principal investment objectives, which are in line with the intention of such fund raising activities. In light of the series of financial problems encountered by many of the world's top financial institutions and prolonged effects of the financial tsunami in the last few years, the financial market was facing an unprecedented downward trend and the listed investment performance of the Company is also adversely impacted by such volatile market situation. Therefore, we believe it is acceptable for the Company to raise sufficient working capital to maintain and support its day-to-day operation.

Although, during the past three years, several fund raising activities diluted the Shareholders' interests in the Company, we consider that (i) the Company had already informed its Shareholders by fully disclosing in the appropriate documents; (ii) the fund raising activities were approved by the Independent Shareholders at the corresponding extraordinary general meetings of the Company; (iii) the fund raising activities has strengthened the capital base of the Company which allow the Company executed its investment objectives as a Chapter 21 investment company; and (iv) all the subscription prices of the fund raising activities are set with reference to the prevailing market prices. Thus, the Shareholders' interests are diluted proportionally which is acceptable. In addition, in order to maintain the Company's business developments and operations, a healthy liquidity of the Company is required which provide a stronger capital base for the Company to execute its principal investment objectives. In fact, the fund raising activities have improved the capital base and the financial position of the Company, therefore, provide flexibility means to the Company for its future business developments if and when the investment opportunities arise and will not deteriorate the financial position of the Company compared with using bank borrowing to raise fund which will give rise to the gearing ratio of and increase the interest burden to the Company.

Since (i) the prospect of the industries of the Company proposed to be invested is under favourable market conditions; (ii) the performance of the existing investment portfolio was mainly due to the global financial tsunami and European sovereign debt crisis; (iii) the continual investment in the existing investment portfolio would be able for the Company to average down the acquisition cost; (iv) the Company's existing investment portfolio and the investment targets the Company proposed to be invested are complied with the Company's investment objectives, policies and restrictions; (v) the investment decision made by the Directors was after a due care and consideration; (vi) the fund raising activities conducted by the Company in the previous three years has been properly disclosed to its Shareholders and passed at the corresponding extraordinary general meeting; (vii) the proceeds raised from the Rights Issue and the past three years fund raising activities are utilised for business development and in line with the Company's investment strategy; and (viii) the Rights Issue is subject to the Shareholders' approval at the EGM, we thus are of the view that the repeated investment pattern and proposed use of proceeds from the Rights Issue is in line with the Group's investment strategy and the prevailing market trend, and in the interests of the Company and Independent Shareholders as a whole.

The Board has considered other means of fund raising, including other means of equity financing (such as open offer or placement of Shares) and debt financing (such as debt financing or bank borrowings). However, the Rights Issue, which is on a fully underwritten basis, will remove a certain degree of uncertainty as compared to best-efforts placing. Although an open offer is similar to a rights issue, the rights issue enables the qualifying shareholders to trade in the nil-paid rights in the market for economic benefits, which the Company considers it would be fair to those Shareholders, who decide not to participate in the rights issue. In order to raise such large amount of proceed from the Rights Issue, the Directors are of the view that conducting the placement of Shares will not be fair to those Shareholders who had stayed with the Company for a considerable time as non-existing Shareholders will result in an immediate dilution of existing shareholding interests in the Company. In addition to the equity financing, the Directors are also of the opinion that bank financing and debt financing will usually incur interest burden on the Group and may be subject to, including but not limited to, lengthy due diligence and negotiations with banks. Given the weak financial position of the Group, the management of the Company believed that it is hard to obtain unsecured bank borrowings with terms which the Directors consider acceptable to the Group, and incurring additional debts will increase the Group's liabilities burden. As such, we concur with the view of the Directors that the Rights Issue is a preferred source of financing over the aforementioned alternatives.

In view of several fund raising activities diluted the Shareholders' interests in the Company during the past three years ended 31 December 2010, the loss financial position of the Group and the prevailing market volatility may continue, it will be hard for the Company to raise fund if any negative market sentiment and new round of financial crisis emerged. Having considered this and the Rights Issue will (i) strengthen the Group's capital base for future possible investments; (ii) allow the Qualifying Shareholders to maintain their respective pro rata shareholding interest and an equal opportunity to participate in the enlargement of the capital base of the Company; (iii) be a preferred source of financing over other alternative fund-raising methods; and (iv) not deteriorate the financial position of the Company as compared to raise funds by way of debt financing, we are of the view that raising funds by means of a rights issue is fair and reasonable and is in the interests of the Company and the Independent Shareholders as a whole.

3. Pricing for the Rights Issue

The Subscription Price for the Rights Shares is HK$0.15 per Rights Share, which shall be payable in full by the Qualifying Shareholders upon acceptance of the provisional allotment of Rights Shares or, where applicable, upon application for any of the excess Rights Shares, or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

(i) a discount of approximately 67.39% to the closing price of HK$0.46 per Share as quoted on the Stock Exchange on the Last Trading Date;

(ii) a discount of approximately 67.39% to the average closing price of approximately HK$0.46 per Share as quoted on the Stock Exchange for the five consecutive trading days ending on the Last Trading Date;

(iii) a discount of approximately 29.25% to the theoretical ex-rights price of approximately HK$0.212 per Share based on the closing price of HK$0.46 per Share as quoted on the Stock Exchange on the Last Trading Date. This theoretical ex-rights price has not taken into account the impact or effect or value of the Bonus Warrant Issue;

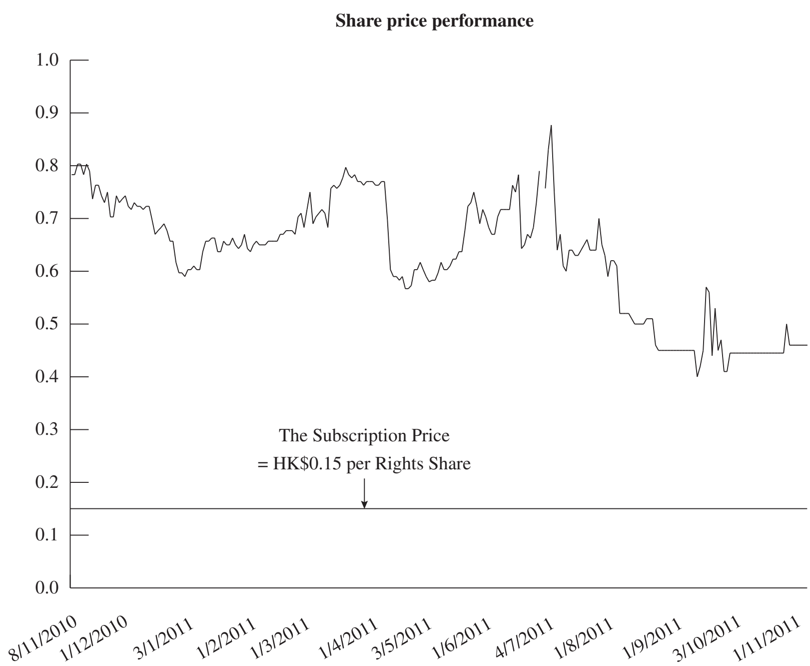
(iv) a discount of approximately 37.50% to the closing price of HK$0.24 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and

(v) a discount of approximately 77.41% to the unaudited consolidated net asset value per Share of approximately HK$0.664 as at 30 November 2011.

Given that the Subscription Price represents a deep discount to the Company's net asset value as at 30 November 2011, taken into account (i) the reasons for the Rights Issue and proposed use of proceeds are fair and reasonable; (ii) the proposed Rights Issue has attached with the Bonus Warrants Issue, which in our opinion would attract the Qualifying Shareholders to participate in the Rights Issue so as not to be diluted; and (iii) the Qualifying Shareholders who still decide not to take up their provisional allotment, they shall sell their nil-paid Rights Shares in the market for economic benefit, we therefore are of the view that the Rights Issue is in the interest of the Shareholders. As stated in the Letter from the Board, the Subscription Price was determined after arm's length negotiations between the Company and the Underwriter with reference to the market price and the above-mentioned theoretical ex-rights price of the Shares. In order to assess the fairness and reasonableness of the Subscription Price, we compared the Subscription Price with reference to (i) the recent price performance of the Shares and trading liquidity of the Company; and (ii) the market comparables analysis, as follows:

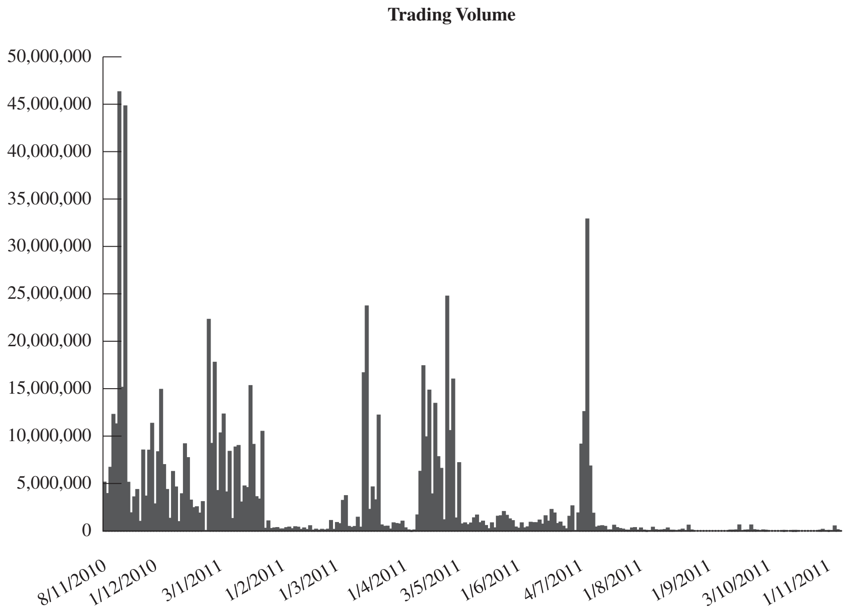
Share prices and trading liquidity of the Company

We have reviewed the closing prices and the trading liquidity of the Shares during the twelve-month period preceding and including 7 November 2011, being the date of the Underwriting Agreement (the "Review Period").



Source: The Stock Exchange

Note: The trading in Shares was suspended on 29 June 2011.



Source: The Stock Exchange

Note: The trading in Shares was suspended on 29 June 2011.

Month	**Highest daily turnover**	**Lowest daily turnover**	**Average daily turnover**	**Number of trading days with turnover lower than 20 million**	**Percentage of average daily turnover over total number of Shares in issue** *(Note 2)*
	Number of shares	*Number of shares*	*Number of shares*	*Days*	*%*
2010					
November	46,270,000	960,000	11,348,027	15	0.793
December	22,264,800	0	6,241,600	21	2.102
2011					
January	15,278,000	157,871	5,240,692	21	3.662
February	1,050,159	20,000	242,157	18	0.169
March	23,680,000	151,175	3,419,696	22	2.390
April	24,716,000	700	7,530,819	17	5.262
May	7,150,000	181,000	1,291,033	20	0.902
June	2,597,560	0	987,339	21	0.690
July	32,851,288	22,900	3,341,981	19	2.335
August	560,128	0	88,189	23	0.048
September	583,920	0	80,446	20	0.037
October	120,080	0	7,234	20	0.003
November	480,020	0	112,513	5	0.052

Source: The Stock Exchange

Notes:

1. The trading in Shares was suspended on 29 June 2011.

2. Based on the total number of issued Shares as at each trading day.

As shown in the tables above, the daily closing price of the Shares was fluctuate during the Review Period and ranged from a low of HK$0.40 per Share on 15 September 2011 to the high of HK$0.877 per Share on 5 July 2011. The average closing price of Shares within the Review Period was approximately HK$0.627 per Share. The Subscription Price represents a discount to the closing price of the Shares throughout the Review Period and to the average closing price of Shares. In addition, the trading volume of Shares during the Review Period was thin as there were 242 trading days recorded with volume lower than 20 million on the Stock Exchange. As shown in the table above, the highest average daily turnover was in April 2011, representing approximately 5.262% of the total number of Shares in issue while the lowest average daily turnover was approximately 0.003% of the total number of Shares in issue. We note that the average daily trading volume of Shares during the Review Period were relatively thin, representing less than 5% of the total number of Shares in issue except for April 2011, during which the Company announced a proposed rights issue and released its annual report for the year ended 31 December 2010. As discussed with the Directors, the Directors have noted the increases in the trading volume of the Shares and confirmed that, save for the aforesaid issues which were considered to be price-sensitive in nature, they were not aware of any reasons for such increases during the Review Period. We therefore consider the liquidity of the Shares was thin during the Review Period.

Comparison with other rights issues

To further assess the fairness and reasonableness of the Rights Issue, we have reviewed and included below 36 rights issues conducted by the companies, which have similar financial position to the Company (i.e. loss-making for the latest financial year) (the "Comparables"), listed on the Stock Exchange for the twelve months period preceding the date of the Announcement up to and including the Last Trading Date, which is considered to be exhaustive, for comparison purpose. We are of the view that the review period being twelve months prior to and including the Last Trading Date would provide us with the recent relevant information on the market sentiment, which plays an important role in the determination of the subscription price of a rights issue in general. We also noted that other than the Company and Unity Investments Holdings Limited, the Comparables are not companies listed under Chapter 21 on the Stock Exchange and the business activities of the Comparables are not directly comparable to those carried out by the Group and the terms of the rights issues of the Comparables may vary from companies with different financial standings, business performance and future prospects. Since the Comparables are the most recent rights issue transactions announced to the public, we consider that the Comparables could represent the recent trend of the rights issue transactions in the prevailing market condition and could provide a general reference for the terms of the Rights Issue. Set out below are the Comparables:

Date of announcement	Company name	Stock code	Basis of entitlement	Name of underwriters	Underwriting commission	Discount/ (premium) of the subscription price to the closing price of last trading day prior to the date of announcement	Discount/ (premium) of the subscription price to the theoretical ex-right price
13 Aug 2010	Polyard Petroleum International Group Limited	8011	1 for 2	Silver Star Enterprises Holdings Inc.	1.50%	28.10%	20.60%
22 Sep 2010	21 Holdings Limited	1003	10 for 1	Get Nice Securities Limited and Emperor Securities Limited	2.13%	87.66%	39.30%
27 Sep 2010	Oriental City Group Holdings Limited *(Note 1)*	8325	1 for 2	Kingston Securities Limited	2.50%	84.44%	71.13%
20 Oct 2010	Ching Hing (Holdings) Limited	692	8 for 1	Radland International Limited	2.50%	81.82%	33.33%
29 Oct 2010	Inno-Tech Holdings Limited	8202	10 for 1	Cheong Lee Securities Limited	3.00%	72.31%	19.28%
11 Nov 2010	Hengli Properties Development (Group) Limited	169	1 for 1	Ever Good Luck Limited	2.50%	71.43%	55.56%
25 Nov 2010	Forefront Group Limited	885	8 for 1	Chung Nam Securities Limited	3.00%	86.56%	41.59%
29 Nov 2010	China Yunnan Tin Minerals Group Company Limited	263	8 for 1	Radland International Limited	3.00%	87.80%	44.44%
17 Dec 2010	Zhongtian International Limited	2379	10 for 1	Fine Mean Investments Limited	0.00%	96.70%	72.50%
22 Dec 2010	V.S. International Group Limited *(Note 2)*	1002	1 for 3	Mr. Gan Sem Yam	0.00%	18.37%	14.44%
23 Dec 2010	Pan Asia Mining Limited	8173	5 for 1	Guotai Junan Securities (Hong Kong) Limited	2.50%	74.36%	32.58%
6 Jan 2011	Heritage International Holdings Limited	412	1 for 2	Chung Nam Securities Limited	2.50%	35.06%	26.47%
21 Jan 2011	Sheng Yuan Holdings Limited	851	2 for 5	Front Riches Investments Limited	1.50%	46.84%	38.24%
31 Jan 2011	Nam Hing Holdings Limited	986	26 for 1	Radland International Limited	3.00%	92.80%	32.30%
1 Feb 2011	China 3D Digital Entertainment Limited	8078	7 for 1	Kingston Securities Limited	2.00%	95.24%	71.43%

Date of announcement	Company name	Stock code	Basis of entitlement	Name of underwriters	Underwriting commission	Discount/ (premium) of the subscription price to the closing price of last trading day prior to the date of announcement	Discount/ (premium) of the subscription price to the theoretical ex-right price
16 Feb 2011	China Properties Investment Holdings Limited	736	30 for 1	Radland International Limited	3.00%	83.61%	13.92%
8 Apr 2011	The Company	901	4 for 1	Get Nice Securities Limited, Kingston Securities Limited and Emperor Securities Limited	2.50%	55.13%	19.72%
8 Apr 2011	Willie International Holdings Limited	273	8 for 1	Get Nice Securities Limited and Emperor Securities Limited	2.50%	82.88%	73.70%
12 Apr 2011	Polyard Petroleum International Group Limited	8011	1 for 1	N/A *(Note 3)*	N/A	23.08%	13.04%
18 Apr 2011	Bao Yuan Holdings Limited	692	22 for 1	Chung Nam Securities Limited, Get Nice Securities Limited and Emperor Securities Limited	3.00%	83.05%	17.49%
6 May 2011	Media China Corporation Limited	419	1 for 2	Sun Hung Kai International Limited	3.00%	25.00%	18.18%
6 May 2011	21 Holdings Limited	1003	8 for 1	Get Nice Securities Limited and Emperor Securities Limited	2.00%	88.80%	46.80%
18 May 2011	Midas International Holdings Limited	1172	1 for 1	Gold Throne Finance Limited	1.00%	45.40%	29.30%
26 May 2011	Waytung Global Group Limited	21	1 for 2	Brilliant China Group Limited	1.00%	33.33%	11.17%
31 May 2011	Vitop Bioenergy Holdings Limited	1178	1 for 3	Beijing Securities Limited	4.00%	48.98%	41.86%
2 Jun 2011	Crosby Capital limited	8088	1 for 1	Emperor Securities Limited	2.50%	46.67%	30.43%
9 Jun 2011	China Agri-products Exchange Limited	149	30 for 1	Kingston Securities Limited	2.50%	87.09%	17.72%
21 Jun 2011	Guojin Resources Holdings Limited	630	11 for 10	Kingsway Financial Services Group Limited and Mr. Yip Wai Lun, Alvin	2.50%	66.40%	48.50%
29 Jun 2011	Unlimited Creativity Holdings Limited	8079	10 for 1	Kingston Securities Limited and Mr. Shiu Teuk Yuen	2.00%	82.14%	29.58%
29 Jun 2011	The Company	901	1 for 2	Get Nice Securities Limited	2.50%	7.40%	5.06%

Date of announcement	Company name	Stock code	Basis of entitlement	Name of underwriters	Underwriting commission	Discount/ (premium) of the subscription price to the closing price of last trading day prior to the date of announcement	Discount/ (premium) of the subscription price to the theoretical ex-right price
8 Jul 2011	Suncorp Technologies Limited	1063	18 for 1	Chung Nam Securities Limited	3.00%	85.51%	23.72%
11 Aug 2011	Heritage International Holdings Limited *(Note 4)*	412	22 for 1	Chung Nam Securities Limited	3.00%	86.52%	22.50%
7 Oct 2011	Epicurean and Company, Limited	8213	1 for 2	First Glory Holdings Limited	2.00%	25.00%	17.81%
11 Oct 2011	Unity Investments Holdings Limited	913	2 for 1	Freeman Securities Limited	3.00%	45.95%	21.88%
25 Oct 2011	Success Universe Group Limited	487	2 for 3	Silver Rich Macau Development Limited	2.50%	24.00%	15.93%
3 Nov 2011	Dragonite International Limited *(Note 5)*	329	2 for 1	Chung Nam Securities Limited	3.00%	68.75%	42.31%
				Maximum	**4.00%**	**96.70%**	**73.70%**
				Minimum	**0.00%**	**7.40%**	**5.06%**
				Mean	**2.35%**	**62.62%**	**32.61%**
	The Company *(Note 6)*	**901**	**4 for 1**		**3.58%**	**67.39%**	**29.25%**
	*** Taking into account the effect of the Bonus Warrants Issue**					**71.74%**	**29.73%**

Source: The Stock Exchange

Notes:

1. As set out on the announcement of Oriental City Group Holdings Limited dated 27 September 2010, the proposed rights issue was on the basis of one rights share for every two shares held by qualifying shareholders on the record date with bonus issue on the basis of one bonus shares for every rights share taken up under the rights issue.

2. As set out on the announcement of V.S. International Group Limited dated 22 December 2010, the proposed rights issue was on the basis of one rights share for every three shares held with bonus warrants on the basis of one warrants for every two rights shares to the qualifying shareholders.

3. As set out in the announcement of Polyard Petroleum International Group Limited dated 12 April 2011, the rights issue was not on an underwritten basis.

4. As set out on the announcement of Heritage International Holdings Limited dated 11 August 2011, the proposed rights issue was on the basis of twenty two rights shares for every existing shares held by qualifying shareholders on the record date with bonus warrants on the basis of one bonus warrants for every five rights share taken up under the rights issue.

5. As set out on the announcement of Dragonite International Limited dated 3 November 2011, the rights issue is proposed to be take place after the capital reorganisation becoming effective.

6. The underwriting commission charged by the Underwriter is HK$750,000 plus 3% of the aggregate Subscription Price of the Underwritten Shares as determined on the Record Date, which effective underwriting commission would be approximately 3.58%.

Based on the above table, we noted that (i) the subscription price to the closing price on the last trading day prior to the announcement dates of the Comparables ranged from a discount of approximately 7.40% to 96.70%, with the mean at discount of approximately 62.62%. The discount of the Subscription Price of the Rights Issue to the closing price of the Shares on the Last Trading Date is approximately 67.39%, which represents within the range but slightly higher discount than the mean of the Comparables; and (ii) the subscription prices to the theoretical ex-rights prices per share based on the last trading day prior to the announcement dates in relation to the Comparables ranged from a discount of 5.06% to 73.70%, with the mean at discount of approximately 32.61%. The discount of the Subscription Price of the Rights Issue to the theoretical ex-rights price per Share of 29.25%, based on the closing price of the Shares on the Last Trading Date, represents a lower discount than the mean and within the range of the Comparables. Taken into account the effect of the Bonus Warrants Issue, the subscription price, adjusted with the Exercise Price (the "Adjusted Price"), would be HK$0.13 per Share. The discount of the Adjusted Price to the closing price of the Shares on the Last Trading Date and to the theoretical ex-rights price per Share would be 71.74% and 29.73% respectively. Although the discount to the Last Trading Date represents a greater discount than the mean of the Comparables, it still falls within the range of the Comparables. Also, the discount to the theoretical ex-rights price falls within the range of the Comparables.

As noted from the Company's announcement dated 27 June 2011, the Shareholders previously voted down a rights issue at the Company's extraordinary general meeting dated 27 June 2011. As confirmed by the Directors, a small number of Shareholders held an aggregate of 69,579,200 Shares (the "Relevant Shares"), representing approximately 32.41% of the total number of Shares in issue, which they acquired between April and June 2011. Subsequent to their voting down of the resolution for the proposed rights issue at the extraordinary general meeting held on 27 June 2011, they sold most of the Relevant Shares. The Directors believe that these Shareholders were interested in a short-term gain through the trading in the Shares rather than in the long-term development of the Company. Thus, it would not be in their interest to approve any resolutions which may dilute their shareholdings in the Company before their interests were disposed. Considering (i) these Shareholders have already sold most of the Relevant Shares; (ii) the proceeds from the Rights Issue has intended use and proposed to be invested in specific listed securities, which investment is part of the principal business activities and in line with the investment objectives of the Company; (iii) the discussion in the section headed in "Reasons for the Rights Issue and proposed use of proceeds"; (iv) the Subscription Price and the Adjusted Price represent a discount to the relevant means of the closing prices on the theoretical ex-rights prices per share of the Comparables and within the range of the Comparables; (v) the Subscription Price and the Adjusted Price represent a discount to the closing price of Shares throughout the Review Period; (vi) the common practice by the Comparables to set their subscription prices of their rights issues at a discount rate to the prevailing market prices of the relevant shares before the relevant announcements; (vii) all Qualifying Shareholders are offered an equal opportunity to subscribe for the Rights Shares at the Subscription Price which represents discount to market price; (viii) it is common for the listed issuers in Hong Kong to offer large discount of the subscription prices with the higher offer ratio to the shareholders in order to increase the attractiveness of a rights issue exercise; (ix) the possibility of participating in the future benefits which may be brought about by investment in the listed and unlisted securities of the Group; and (x) the possibility of the improvement of the financial position of the Group from the Rights Issue, we are of the view that the Subscription Price of the Rights Issue is in line with market practice and is fair and reasonable, and thus is in the interests of the Company and the Independent Shareholders as a whole.

4. Application for excess Rights Shares

As stated in the Letter from the Board, Qualifying Shareholders shall be entitled to apply for any unsold entitlements of the Non-Qualifying Shareholders and any Rights Shares provisionally allotted but not accepted. Application may be made by completing the EAF and lodging the same with a separate remittance for the excess Rights Shares being applied for. The Directors will allocate the excess Rights Shares at their discretion, but on a fair basis in accordance with the Listing Rules on the following principles:

(i) preference will be given to applications for less than a board lot of Rights Shares where they appear to the Directors that such applications are made to round up odd-lot holdings to whole-lot holdings and that such applications are not made with the intention to abuse this mechanism; and

(ii) subject to the availability of any excess Rights Shares after allocation under sub-paragraph (i) above, any excess Rights Shares will be allocated based on a sliding scale with reference to the number of excess Rights Shares applied by them (i.e. applications for a smaller number of Rights Shares are allocated with a higher percentage of successful application but will receive a lesser number of Rights Shares; whereas application for a larger number of Rights Shares are allocated with a smaller percentage of successful application but will receive a greater number of Rights Shares).

The Shareholders holding Shares through a nominee company should note that the Company will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, such Shareholders should note that the aforesaid arrangement in relation to the allocation of excess Rights Shares will not be extended to beneficial owners individually. Beneficial owners who hold their Shares through a nominee company are advised to consider whether they would like to arrange for registration of their Shares in their own names prior to the Record Date.

After reviewing the circulars of the Comparables, we noted that the above practices are in line with the market practice and are of the view that such arrangement is fair and reasonable to the Company and the Independent Shareholders as a whole.

5. Bonus Warrants Issue

The Company also proposed to issue the Bonus Warrants to the first registered holders of the Rights Shares on the basis of one Bonus Warrant for every four Rights Shares taken up under the Rights Issue.

Each of the Bonus Warrant will entitle the holders thereof to subscribe for one Bonus Warrants Share at the Exercise Price of HK$0.05 per Adjusted Share (subject to adjustments), details of the terms of the Bonus Warrants Issue are set out in Appendix III to the Circular. The Exercise Price was arrived at after arm's length negotiations between the Company and the Underwriter with reference to the market price and the theoretical ex-rights price of the Share.

The Bonus Warrants will be listed on the Stock Exchange and dealings of which is expected to commence on 3 May 2012. The Bonus Warrants will have a Subscription Period, within such period holders of the Bonus Warrants can choose to realise such Bonus Warrants in the market for economic benefit.

On the basis of 858,656,304 Rights Shares to be issued under the Rights Issue, the total number of Bonus Warrants to be issued will be 214,664,076. Each of the Bonus Warrants will entitle the holder(s) thereof to subscribe for one Adjusted Share at the Exercise Price of HK$0.05 per Adjusted Share (subject to adjustments). The Bonus Warrants Shares to be issued upon exercise of the Bonus Warrants represent approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares and the Bonus Warrants Shares.

As to the potential dilution of shareholding interest as a result of the exercise of the Bonus Warrants, holders of the Bonus Warrants can choose to subscribe for the Company's new Shares at a significant discount to the prevailing market price to participate the future growth of the Company, or choose to realise the Bonus Warrants in the market for economic benefits. Having considered the above, we are of the opinion that the potential dilution effect on the shareholding interests of the Shareholders, which may only happen when the holders of the Bonus Warrant do not subscribe for their Bonus Warrants Shares, to be acceptable. Given that the rights issue is a preferred source of financing due to the loss making financial position of the Company, we consider that the Bonus Warrants will definitely enhance the attractiveness of the offer, thus, we are of the view that the Bonus Warrants serves as an incentive for the Qualifying Shareholders to subscribe for the Rights Shares.

As (i) the Bonus Warrants, which will be listed on the Stock Exchange, serve as an incentive for the Qualifying Shareholders to subscribe for the Rights Shares; (ii) holders of such Bonus Warrants can choose to realise such Bonus Warrants in the market for economic benefits or have full discretion on whether or not to subscribe for the same number of Shares; and (iii) the Bonus Warrants, when exercised, may raise additional working capital to partially replenish the Group's capital base, we consider the Bonus Issue, as part of the Rights Issue, is in the interests of the Company and the Independent Shareholders as a whole, and is fair and reasonable so far as the Independent Shareholders are concerned.

6. Underwriting Agreement

Pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to underwrite the Rights Shares not subscribed by the Qualifying Shareholders on a fully underwritten basis, being not exceeding 858,656,304 Rights Shares, subject to the terms and conditions of the Underwriting Agreement.

The Underwriter is a subsidiary of Freeman and Freeman is in turn an indirect substantial shareholder (as defined under the Listing Rules) of CU Investment Management Limited, the investment manager of the Company. The Underwriter is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Underwriting Agreement constitute a connected transaction under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.32 (in respect of the Commission Payment to the Underwriter) of the Listing Rules, the Commission Payment to the Underwriter of approximately HK$4.6 million under the Underwriting Agreement is exempt from Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

In addition, based on the Underwriting Agreement, the Company will pay the Underwriter an overall underwriting commission of HK$750,000 plus 3% of the aggregate Subscription Price of the Underwritten Shares as determined on the Record Date, which effective underwriting commission would be approximately 3.58%. With reference to the above section headed "Comparison with other rights issues", the underwriting commission of the Comparables ranged from nil to 4% with a mean of 2.35%. On this basis, we noted the Commission Payment is higher than the mean but falls within the range of the commission of the Comparables. As such, we are of the view that the Commission Payment charged by the Underwriter is under normal commercial terms and is fair and reasonable so far as the Company and the Independent Shareholders are concerned.

7. Termination of the Underwriting Agreement

It should also be noted that the Rights Issue would not proceed if the Underwriter exercises their termination rights under the Underwriting Agreement. Details of the provisions granting the Underwriter such termination rights are included in the Letter from the Board. After reviewing the circulars of the Comparables, we consider such provisions are on normal commercial terms and in line with the market practice.

8. Dilution effect of the Rights Issue on shareholding interests

All Qualifying Shareholders are entitled to subscribe for the Rights Shares. For those Qualifying Shareholders who take up their entitlements in full under the Rights Issue, their shareholding interests in the Company will remain unchanged after the Rights Issue.

For those Qualifying Shareholders who do not exercise their rights to subscribe for the Rights Shares in full, depending on the extent that they accept their entitlements, their shareholding interests will be diluted. However, it should be noted that such Shareholders will have the opportunity to realise their nil-paid rights to subscribe for the Rights Shares (the "Nil-Paid Rights") in the market during the dealing of Nil-Paid Rights on the Stock Exchange, subject to the then prevailing market conditions. As mentioned in the section headed "Share prices and trading liquidity of the Company", we have mentioned the liquidity in trading of the Shares is thin during the Review Period. As the common practice of the price of a nil-paid rights is lower than the market price of that corresponding security, the trading pattern between them does not refer to or in line with due to less capital is required and the investors may then be attracted to participate in trading in the nil-paid rights rather than the corresponding security in the market. As such, we have made enquiries to the Directors regarding the previous rights issue announced by the Company on 29 June 2011, there were a total of 50,972,724 nil-paid rights had been traded during the dealing of nil-paid rights on the Stock Exchange, representing approximately 71.24% of the total 71,554,692 rights shares offered. We thus are of the view that the past trading volume of the Shares does not represent the liquidity of the Nil-Paid Rights, which has no co-relation to each others. In addition, given that the Subscription Price is set at a deep discount together with the Bonus Warrants to be issued, we consider that the liquidity of the Nil-Paid Rights should be highly supported by the Qualifying Shareholders to be participated in the Rights Issue.

Meanwhile, Qualifying Shareholders who wish to increase their shareholdings in the Company through the Rights Issue may, subject to availability, acquire additional Nil-Paid Rights in the market. The Qualifying Shareholders may also apply for excess Rights Shares.

We are of the view that the arrangement for the Rights Issue is in line with recent market practice for the rights issue and are able to cater for different objectives for the Qualifying Shareholders.

Set out below is the shareholding structure of the Company as at the Latest Practicable Date and upon completion of the Rights Issue:

	As at the Latest Practicable Date		Upon completion of the Rights Issue but before exercise of Bonus Warrants				Upon completion of the Rights Issue and exercise of all Bonus Warrants			
			(assuming all Shareholders take up their entitlements)		(assuming no Shareholders take up their entitlements)		(assuming all Shareholders take up their entitlements)		(assuming no Shareholders take up their entitlements)	
	Number of Shares	*Approximate %*	*Number of Shares*	*Approximate %*	*Number of Shares*	*Approximate %*	*Number of Shares*	*Approximate %*	*Number of Shares*	*Approximate %*
Freeman *(Note)*	9,911,000	4.62	49,555,000	4.62	9,911,000	0.92	59,466,000	4.62	9,911,000	0.77
Substantial Shareholder										
Mr. Chan Chak Kai Kenneth	25,000,000	11.65	125,000,000	11.65	25,000,000	2.33	150,000,000	11.65	25,000,000	1.94
Public Shareholders	179,753,076	83.73	898,765,380	83.73	179,753,076	16.75	1,078,518,456	83.73	179,753,076	13.96
The Underwriter *(Note)*	–	–	–	–	858,656,304	80.00	–	–	1,073,320,380	83.33
	214,664,076	100	1,073,320,380	100	1,073,320,380	100	1,287,984,456	100	1,287,984,456	100

Note: The Underwriter is a subsidiary of Freeman. Freeman is in turn an indirect substantial shareholder (as defined under the Listing Rules) of CU Investment Management Limited, the investment manager of the Company. The Underwriter is therefore a connected person of the Company under Chapter 14A of the Listing Rules. As at the Latest Practicable Date, to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, Freeman (through a subsidiary) holds 9,911,000 Shares, representing approximately 4.62% of the issued share capital of the Company.

As noted from the Letter from the Board, the Underwriter will sub-underwrite all of its underwriting obligations under the Underwriting Agreement to sub-underwriters such that each of the Underwriter and the sub-underwriters (i) will not own 30% or more of the issued share capital of the Company immediately after completion of the Rights Issue; and (ii) will not subscribe for (or procure subscribers for) any Underwritten Shares not taken up, procure that the subscribers procured by it and/or its sub-underwriter(s) and/or the subscribers procured by such sub-underwriter(s), are not parties acting in concert with it, so that it, together with parties acting in concert with it (if any), will not become the controlling shareholders of the Company immediately after the Rights Issue. Also, pursuant to the Underwriting Agreement, the Underwriter shall and shall cause the sub-underwriters to procure independent placees to take up such number of Rights Shares as necessary to ensure that the public float requirements under Rule 8.08 of the Listing Rules are complied with upon completion of the Rights Issue. Accordingly, the Company is of the view that (i) minimum public float requirement under Rule 8.08 will be complied with upon the completion of the Rights Issue will be maintained; and (ii) the Underwriter will not and the sub-underwriters will not own 30% or more of the issued share capital of the Company.

The Independent Shareholders who are Qualifying Shareholders should note that, if they decide to subscribe for their full provisional allotment entitlements of the Rights Shares, there would not be any dilution effect on their shareholding interests in the Company. However, we would like to draw the Independent Shareholders' attention to the fact that, for those Independent Shareholders who do not wish to take up all or part of their provisional allotment entitlements to the Rights Shares, their corresponding interest in the Company will be diluted. In view that the Company sets the Subscription Price at a deep discount and the Bonus Warrants to be issued, the Qualifying Shareholders are more likely to be attracted to participate in the Rights Issue so as not to be diluted. Nevertheless, if the Independent Shareholders who still consider not participating in the Rights Issue, they are also offered a chance to express their willingness on the terms of the Rights Issue through voting at the EGM. In case, the Rights Issue proceeds, all the Qualifying Shareholders (other than the Underwriters) who decide not to take up the provisional allotments of the Rights Issue and the Underwriter has taken up all the provisional allotments in its capacity as the Underwriter, the percentage of shareholding of the other public Shareholders will be reduced from approximately 83.73% to approximately 16.75% before exercise of the Bonus Warrants or to approximately 13.96% after exercise the Bonus Warrants, the respective maximum dilution of the Rights Issue on the shareholding interests would be 66.98% and 69.77%.

Having considered that (i) Independent Shareholders are offered a chance to express their willingness on the terms of the Rights Issue and the Underwriting Agreement through their votes at the EGM; (ii) Qualifying Shareholders have their choice whether to accept the Rights Issue; (iii) the intended use of proceeds from the Rights Issue will enable the Group to strengthen its capital base and to invest in listed securities, which is part of the Group's principal activities; (iv) a lower subscription price which represents discounts to the Last Trading Date and to the theoretical ex-entitlement price may likely to attract the Qualifying Shareholders to participate in the Rights Issue given the loss making position of the Group for the financial year ended 31 December 2010; (v) the inherent dilutive nature of rights issue is a general market practice; and (vi) the Rights Issue are on the basis that all Qualifying Shareholders have been offered the same opportunity to maintain their proportional interests in the Company, and should the Qualifying Shareholders decide not to take up their entitlements under the Rights Issue, they can sell the nil-paid Rights Shares in the market for economic benefit, we are of the view that the potential dilution effect on the shareholding is fair and reasonable to the Independent Shareholders and is not prejudicial to the Independent Shareholders' interests in the Company if they choose to subscribe for their full entitlement of the Rights Shares under the Rights Issue.

9. Arrangement of the Overseas Shareholders

We have reviewed the arrangements of the Overseas Shareholders regarding the Rights Issue. We noted that the Directors are of the opinion that it would be necessary or expedient not to offer the Rights Shares (including for the avoidance of doubt the Bonus Warrants Issue) to the Overseas Shareholders on account of either the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, the Rights Issue (including for the avoidance of doubt the Bonus Warrants Issue) will not be available to such Overseas Shareholders and no provisional allotment of nil-paid Rights Shares or allotment of fully-paid Rights Shares will be made to such Overseas Shareholders. As such, the Company will send the Prospectus to the Non-Qualifying Shareholders for their information only, but will not send any PAL and EAF to them on the Posting Date.

10. Financial effects of the Rights Issue

(a) Net assets value

With reference to the unaudited pro forma financial statement of the Group as set out in the Appendix II to the Circular, the unaudited consolidated net tangible assets value of the Group was approximately HK$175.69 million as at 30 June 2011. After taking into account the net proceeds from the Rights Issue, the unaudited pro forma adjusted consolidated net tangible assets value of the Group will be raised to approximately HK$298.58 million, and together with the net proceeds from the exercise of the subscription rights attached to the Bonus Warrants (which amounts to approximately HK$10.68 million) will be raised to approximately HK$309.26 million.

Upon completion of the Rights Issue, the total number of Shares shall be increased to 1,073,320,380 Shares before exercise of the Bonus Warrants or to 1,287,984,456 Shares after exercise of the Bonus Warrants and thus, the unaudited consolidated net tangible assets value per Share will be decreased from approximately HK$1.23 per Share (based on the number of Shares of 143,109,384 Shares as at 30 June 2011) to approximately HK$0.28 and HK$0.24 respectively.

(b) Working capital

With reference to the 2011 Interim Report, the unaudited net current assets of the Group was approximately HK$174.25 million as at 30 June 2011. Immediately after completion of the Rights Issue, the net current assets of the Group would increase to approximately HK$297.14 million. In this regard, we are of the view that the Rights Issue will improve the liquidity position of the Group.

Based on the foregoing, although the unaudited net tangible assets value per Share will be diminished, the Rights Issue will enhance the net tangible assets value of the Group and improve the liquidity position of the Group. Hence, we are of the view that the Rights Issue is in the interest of the Company and the Independent Shareholders as a whole.

D. CONCLUSION

Having taken into consideration of the following principal factors and reasons regarding the major terms of the Rights Issue and the Bonus Warrant Issue including:

(a) the net proceeds from the Rights Issue will partially replenish the capital base and to enhance the financial position of the Company for future strategic investments as and when arise;

(b) the Rights Issue would be a preferred method of equity financing as it will allow all the Qualifying Shareholders to maintain their proportionate interests in the Company and to participate in the future growth and development of the Company;

(c) the Subscription Price and the theoretical ex-right subscription price fall within the range of the Comparables;

(d) the major terms of the Underwriting Agreement is in line with the market practice;

(e) the dilution effect is not prejudicial to the Independent Shareholders' interests in the Company if they choose to subscribe for their full entitlement of the Rights Shares under the Rights Issue; and

(f) the Rights Issue will enhance the net assets value of the Group and improve the liquidity position of the Group,

we are of the view that the terms of Rights Issue (including the Bonus Warrant Issue) are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and the Rights Issue is in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Rights Issue (including the Bonus Warrant Issue).

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

1. THREE-YEAR FINANCIAL INFORMATION

Financial information of the Group for each of the three years ended 31 December 2008, 2009 and 2010 are disclosed in the annual reports of the Company for the years ended 31 December 2008 (pages 26 to 79), 2009 (pages 26 to 99) and 2010 (pages 28 to 107) respectively, which are published on both the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (http://radfordcap.etnet.com.hk). The auditors of the Company have not issued any qualified opinion on the Group's financial statements for the financial years ended 31 December 2008, 2009 and 2010.

2. INDEBTEDNESS

(a) Borrowings

At the close of business on 30 November 2011, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had aggregate outstanding unsecured borrowings of HK$50 million advanced by Heritage International Finance Limited (the "Lender"), a finance company, for 3 months at 5% interest rate per annum pursuant to an agreement dated 26 October 2011, entered into between the Group and Heritage International Finance Limited, a subsidiary of Heritage International Holdings Limited of which, Mr. Chung Yuk Lun, an Executive Director of the Company, is an independent non-executive director. The existence of HK$50 million loan has been confirmed by the Lender. Major terms and conditions of HK$50 million loan are as follows:

Facility amount *(Note 1)*	HK$50,000,000
Interest rate	5% per annum
Repayment date	26 January 2012

Note 1: The Company's borrowing power under Rules 21.08(6) is HK$160,000,000 and HK$50 million loan was made in compliance with the Company's borrowing power.

After experiencing the downward correction in the global financial markets triggered by the Eurozone sovereign debt crisis, Hong Kong stocks were traded at a very low price/earning ratio and price/book ratio and market got support in the early October 2011. The Company borrowed the HK$50 million with the aim to reap the potential gain from investing in listed securities recommended by the Investment Manager.

The use of HK$50 million was to make investment in listed securities to the extent of HK$40.8 million as follows:

	Name of securities	Investment amount	Profit/(Loss) Realised	Profit/(Loss) Unrealised
		HK$ million	*HK$ million*	*HK$ million*
(a)	Heritage International Holdings Limited	31.80	0	(15.57)
(b)	Beijing Yu Sheng Tang Pharmaceutical Group Limited	9.00	0	(5.44)

The remaining balance was used as to approximately HK$2 million for general working capital of the Company and approximately HK$7.2 million to repay the securities margin loan.

The investment in Heritage International Holdings Limited ("Heritage") was made based on the following factors:

- sufficient cash level and low gearing which enable Heritage to get through economic volatility
- revaluation gain arising from changes in fair value of the property held by Heritage amounted to approximately HK$4.2 million as a result of increase in property prices
- considering diversifying its business into internet lottery business
- Heritage has developed a new line of business in traditional Chinese medicine industry through the operation of the Hon Chinese Medicine Clinic
- Heritage has entered into a framework agreement with Guangxi Forestry Group, a state-owned enterprise, to establish a green energy fund with initial fund size of approximately US$300 million for investing in green energy and environmental conservation projects primarily in Guangxi
- technically, the stock price of Heritage bounced at an attractive level and outperformed the Hang Seng Index stocks

The investment in Beijing Yu Sheng Pharmaceutical Group Limited ("Yu Sheng Group") was made based on the following factors:

- the Yu Sheng Group continued to develop its pharmaceutical business and its revenue grew significantly which was mainly represented by the sales volume from Chinese medicine

- the Yu Sheng Group reported strong growth in turnover (118%) and gross profit (131%) which were largely driven by the strong growth in the group's trading of metal mineral due which were to the greater demand from customers in PRC

- the financing division continued to contribute a stable source to the Yu Sheng Group that interest income and operating profit generated by the financing division grew by 71% and 78% respectively due to higher average amount of loans advanced to customers

(b) Debt securities

At the close of business on 30 November 2011, the Group had no outstanding debt securities issued or authorised or otherwise created but unissued.

(c) Pledge of assets

At the close of business on 30 November 2011, the Group did not pledge any asset to banks or other financial institutions.

(d) Contingent liabilities

As at 30 November 2011, the Group had no material contingent liabilities.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, at the close of business on 30 November 2011, the Group did not have any outstanding loan capital issued and outstanding or agreed to be issued, bank overdraft, loans, or other similar indebtedness, liabilities under acceptances or acceptances credits, debentures, mortgages, charges, finance lease or hire purchase commitments, guarantees or other material liabilities.

Apart from the borrowing disclosed above, the Directors have confirmed that there has been no material change in the indebtedness and contingent liabilities of the Group since 30 June 2011, being the date to which the latest published unaudited consolidated financial statements of the Company were made up.

3. WORKING CAPITAL

The Directors are of the opinion that, taking into account of the cash flows generated from the operating activities, the financial resources available to the Group including internally generated funds, the available credit facilities and the estimated net proceeds from the Rights Issue, the Group has sufficient working capital for at least the next twelve months from the date of this circular.

4. MATERIAL ADVERSE CHANGE

The Company announced on 11 July 2011 that it expected to record further loss for the six months ended 30 June 2011 as compared to the loss for the six months ended 30 June 2010. In addition, based on the preliminary review of the management accounts of the Group which have not been confirmed, audited nor reviewed by the Company's auditor, the Company is expected to record greater loss for the year ended 31 December 2011 as compared to the loss for year ended 31 December 2010 mainly due to realised and unrealised losses of financial assets at fair value through profit or loss.

Save for the above, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2010, being the date to which the latest published audited consolidated financial statements of the Group were made up.

5. BUSINESS REVIEW FOR THE SIX MONTHS ENDED 30 JUNE 2011

As at 30 June 2011, the Group's investment portfolio was well diversified and comprised of different sectors of businesses including property management and development; investment in securities; public transport operations; mining; energy; healthcare products; gold and metals mining; hotel business; provision of brokerage and financial services; textile and apparels business; telecom and network; banking; software & IT consulting; construction infrastructure; television system platform; manufacturing hard & stuffed toys; trading of laminates; etc.

The Group recorded a net loss attributable to Shareholders of approximately HK$110,332,000 for the interim period ended 30 June 2011 as compared to approximately HK$45,052,000 in the corresponding period of 2010. The loss was greater mainly due to the increase in the realised loss of the underlying securities investments of the Group.

As at 30 June 2011, the total assets of the Group were HK$280,714,721, of which the non-current portion and the current portion were HK$1,438,075 and HK$279,276,646 respectively. The current liabilities of the Group increased from HK$2,060,160 to HK$105,024,056. The net assets of the Group as at 30 June 2011 were HK$175,690,665.

6. TREND OF THE BUSINESS SINCE 31 DECEMBER 2010

There is no sign that the Federal Reserve Bank of the US ("Fed") will stop its quantitative easing policy in the near future. The direct consequence is that the US dollar continues to devaluate. With massive money supply and the weakening US dollar, speculators and investors drive up the prices of shares, property (excluding the US market), all kinds of commodities including oil and agricultural products. Nearly all countries are facing the inflationary pressure nowadays. In order to curb the soaring inflation, emerging markets like the PRC, India and Brazil continue their credit tightening policy by raising their interest rates. The possible effect is that the stock market may have a downward correction in the short term.

Though the US economy has been improving as unemployment rate falls below 9% and corporate earnings in the first quarter exceeds the market expectation, the Board remains cautious as any recovery may not be sustainable especially in view of the growing inflationary pressure since the cessation of QE2 in June, 2011, which may drive up interest rates and increase the interest burden of the US Government, municipal governments, corporate and individual borrowers. If that happens, domestic consumption, being the major component of the Gross Domestic Product of the US, may be seriously curtailed.

As the central bank of the PRC continues its credit tightening policy and efforts to cool down its property market in order to curb inflation which soared to over 5% recently, the stock market in Hong Kong has not performed well as the Hang Seng Index has fallen from about 24,000 in January, 2011 to below 23,000 in early June 2011 Coupled with the cessation of QE2 by the Fed in June, 2011 and the deterioration of the sovereign debt crisis of Eurozone countries especially Greece, the stock market in Hong Kong has become very volatile recently and continues to consolidate. Without exception, the investment portfolio of the Company has recorded losses. The Board expects the stock market correction will continue until there are signs showing that inflation in the PRC is under control and the central bank of the PRC relaxes its credit tightening policy. By then, it is expected that the stock market, and accordingly the investment performance of the Company, may perform better. With the margin facility available and the proceeds to be raised by the Rights Issue, the Company will continue to capture any good investment opportunities as they arise from time to time.

7. FINANCIAL AND TRADING PROSPECTS

The year 2010 saw world economies recovering from the unprecedented global financial crisis which surfaced in 2008 and continued into 2010. Remarkably strong growth was recorded in emerging economies with this trend being most pronounced in the Asian region. But the year of 2011 saw significant events that caused the lack of optimism in the global economy, brought about by events such as the Jasmine revolution in Middle East and North Africa, earthquake and tsunami and the consequent nuclear accident that hit Japan, Eurozone debt crisis, the uncertainty over the US economy and the threat of rising inflation.

Recently, the global financial and commodity markets slumped and the outlook for global equity markets changed to bearish by the lingering debt crisis in Europe and slowdown of the economies of the US and the PRC. In addition, economic recovery in the US is slow as its real Gross Domestic Product only grew at a low rate of 1.3% in the second quarter while the first quarter figure was revised downwards sharply from 1.9% to 0.4%. The PRC's PMI on manufacturing declined for four consecutive months to 50.7 in July 2011, the lowest in the past 29 months. The US, Europe and Japan, three of the world's four main economic pillars, are facing economic downturns which may drag the global economy into recession. We expect the bond markets will be the last bubble to burst. This expectation is turning into reality as witnessed by the volatile bond markets recently in Europe which caused interest rates to rise sharply. The financial positions, or to be precise, the net debt amounts of the US and Europe did not improve but worsened when compared to the outbreak of the financial tsunami in 2008. It is a consensus that quantitative easing policies in the US cannot create employment but drive up the inflation. No doubt, the rising unemployment rate creates great pressure on the financial budgets as, for example, the period of granting unemployment subsidy has been extended from the original 13 weeks to 99 weeks recently. The markets have lost their confidence in the economic recovery and the future of the US and Eurozone countries and how they can repay or reduce the government debts. Triggered by the downgrade of US government bonds, the uncertainties caused significant downward correction in the financial and commodity markets recently. We expect it will take a long time for these economies to recover.

However, we believe the PRC will become the biggest winner to emerge from the sovereign debt crisis. Central banks and treasurers now realise that even US government bonds are not risk free investments, not to mention that the US dollar is continuing to devalue in both the short and long term. In due course, they will diversify part of their surplus funds to other safer currencies of which the Renminbi is a good choice. As such, we expect the Renminbi to continue to rise. Indeed, the PRC's economy has outperformed its counterparts, and its Gross Domestic Product growth for 2011 is close to 9%; corporate earnings are strong and sustainable; domestic consumption continues to rise and motivated by government policy; inflation is tentatively under control which indicates monetary policy will not be tightened further; and flexible financial policies are in place to stimulate domestic economic growth by means such as building massive public housing estates. All these favorable factors make the valuation of PRC stocks attractive at the present level. While Hong Kong has positioned to become the offshore Renminbi market of the PRC, it will accordingly benefit from the PRC's growing economy and the inflow of money from the US and Europe.

With growing uncertainty in the global economy, the Group is taking a cautious approach in the near future.

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

The unaudited pro forma statement of adjusted consolidated net tangible assets (the "Unaudited Pro Forma Financial Information") of the Group has been prepared by the directors of the Company in accordance with Rule 4.29 of the Listing Rules to illustrate the effect of the Rights Issue on the published unaudited consolidated net tangible assets of the Group as if the Rights Issue and the Bonus Warrant Issue had taken place on 30 June 2011.

The Unaudited Pro Forma Financial Information of the Group is prepared based on the published unaudited consolidated net assets of the Group as at 30 June 2011, as extracted from the published interim report of the Group for the six months ended 30 June 2011 which are published on both the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (http://radfordcap.etnet.com.hk), after incorporating the unaudited pro forma adjustments described in the accompanying notes.

The Unaudited Pro Forma Financial Information of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets attributable to equity holders of the Group following completion of the Rights Issue and the Bonus Warrant Issue.

	Unaudited consolidated net tangible assets of the Group attributable to the equity holders of the Company as at 30 June 2011	**Estimated net proceeds from the Rights Issue**	**Estimated net proceeds from the Bonus Warrant Issue**	**Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the equity holders of the Company after completion of the Rights Issue and Bonus Warrant Issue**	**Unaudited consolidated net tangible assets per share attributable to the equity holders of the Company as at 30 June 2011**	**Unaudited pro forma adjusted consolidated net tangible assets per share attributable to the equity holders of the Company after completion of the Rights Issue and Bonus Warrant Issue**
	(Note 2)	*(Note 3)*	*(Note 4)*		*(Note 5)*	*(Note 6)*
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$*	*HK$*
Rights Issue of 858,656,304 Rights Shares and Bonus Warrant Issue of 214,664,076 Bonus Warrants *(Note 1)*	175,691	122,890	10,680	309,261	1.23	0.24

Note:

1. The issue of 858,656,304 Rights Shares to the Qualifying Shareholders by way of the Rights Issue is based on the basis of four Rights Shares for every Share held on the Record Date. 214,664,076 Bonus Warrants will be issued to Shareholders who have taken up the Rights Shares on the basis of one Bonus Warrant for every four Rights Shares taken up. Details of the movement in the number of issued Shares from 30 June 2011 up to the Record Date is as follows:

	Number of issued Shares
As at 30 June 2011	143,109,384
Rights issue on 9 August 2011	71,554,692
As at the Record Date	214,664,076

2. The unaudited consolidated net tangible assets of the Group attributable to the equity holders of the Company as at 30 June 2011 is arrived at based on the published interim report of the Company for the six months ended 30 June 2011 which are published on both the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (http://radfordcap.etnet.com.hk).

3. The estimated net proceeds of the Rights Issue in the sum of approximately HK$122,890,000, is calculated based on 858,656,304 Rights Shares to be issued at the Subscription Price of HK$0.15 per Rights Share, and after deduction of the estimated related expenses of approximately HK$5,900,000.

4. The estimated net proceeds of the Bonus Warrant Issue in the sum of approximately HK$10,680,000, is calculated based on 214,664,076 Bonus Warrants to be issued at the adjusted exercise price of HK$0.05 per Bonus Warrant, and after deduction of the estimated related expenses of approximately HK$50,000.

5. The number of Shares used for the calculation of unaudited consolidated net tangible assets per Share as at 30 June 2011 is 143,109,384 Shares.

6. The unaudited pro forma adjusted consolidated net tangible assets per Share attributable to the equity holders of the Company after the completion of the Rights Issue is calculated based on 1,287,984,456 Shares in issue upon completion of the Rights Issue, which represents the 214,664,076 Shares in issue as at the Record Date and 858,656,304 Rights Shares expected to be issued on the completion of the Rights Issue and 214,664,076 Shares expected to be issued on exercise of the Bonus Warrants expected to be issued on the completion of the Bonus Warrant Issue.

7. No adjustment has been made to reflect any trading result or other transaction of the Group entered into subsequent to 30 June 2011.

This unaudited pro forma statement of adjusted consolidated net tangible assets does not take into account the change in net tangible assets arising from the movement of number of issued shares of the Company from 30 June 2011 up to the Record Date, as specified in Note 1 above.

2 LETTER ON THE UNAUDITED PRO FORMA CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The following is the text of a report received from the auditors of the Company. HLM & Co., in respect of the unaudited pro forma information of the Group for the purpose of incorporation in this circular.

恒健會計師行
HLM & Co.
Certified Public Accountants

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The Board of Directors
Radford Capital Investment Limited
萊福資本投資有限公司

Dear Sirs,

We report on the unaudited pro forma statement of adjusted consolidated net tangible assets (the "Unaudited Pro Forma Financial Information") of Radford Capital Investment Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out in Appendix II of the circular dated 20 January 2012 (the "Circular"). The Unaudited Pro Forma Financial Information has been prepared by directors of the Company, for illustrative purpose only, to provide information about how the proposed rights issue on the basis of four rights shares for every Share (as defined in the Circular) held on the Record Date (as defined in the Circular) at the subscription price of HK$0.15 per rights share, might have affected the financial information presented. The basis of preparation of the Unaudited Pro Forma Financial Information is set out in the introduction and notes to the Unaudited Pro Forma Financial Information as set out in Section 1 of this Appendix.

Responsibilities

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

It is our responsibility to form an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you for the purpose of incorporation in the Circular. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagement 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by HKICPA. Our work consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

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

The Unaudited Pro Forma Financial Information is for illustrative purpose only, based on the judgments and assumptions of the directors of the Company, and, because of its hypothetic nature, it may not give a true picture of the Group's financial position or results, and it does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Group as at 30 June 2011 or any future date.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group, and

(c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of Listing Rules.

Yours faithfully,
HLM & Co.
Certified Public Accountants

Hong Kong, 20 January 2012

The Bonus Warrants will be issued subject to and with the benefit of the instrument by way of deed poll (the "Instrument") to be executed by the Company. The Bonus Warrants will be issued in registered form and will form one class and rank pari passu in all respects with each other.

Any Adjusted Shares resulting from the exercise of Bonus Warrants in accordance with the Warrant Instrument shall rank pari passu with other listed securities of the Company of the same class. As the Bonus Warrants are a new class of listed securities of its kind, and no identical class of listed securities of the Company shall be allotted or issued immediately before the issue of the Bonus Warrants, no relevant comparison can be made between the Bonus Warrants and other identical class of listed securities of the Company as at the Latest Practicable Date. On this basis, the Company confirms the Bonus Warrants itself rank pari passu with each other.

The principal terms and conditions of the Bonus Warrants (the "Conditions") will be set out in the certificates for the Bonus Warrants (the "Warrant Certificates") and will include the provisions as summarised below. Holders of the Bonus Warrants (the "Warrantholders") will be entitled to the benefit of, and will be bound by, and be deemed to have notice of the Conditions. They will also be entitled to the benefit of, and will be bound by, and be deemed to have notice of the provisions of the Instrument, copies of which will be available at the principal place of business for the time being of the Company in Hong Kong.

1. EXERCISE OF SUBSCRIPTION RIGHTS

(a) In this Appendix, unless otherwise stipulated, the following terms shall have the following meanings:

"Exercise Moneys"	means, in relation to any warrant, the amount in cash payable in respect of the Share for which the holder of such warrant is entitled to subscribe upon the exercise of the Subscription Rights represented thereby;
"Registrars"	means Computershare Hong Kong Investor Services Limited or such other person, firm or company retained by the Company for the time being to maintain in Hong Kong (unless the Directors otherwise determine) the Register;
"Share(s)"	new Adjusted Share(s) of HK$0.01 each in the share capital of the Company;

"Subscription Date"	means any day (other than a Saturday, Sunday or any other public holiday) on which banks in Hong Kong are generally open for clearing and settlement business falling within the Subscription Period on which any of the Subscription Rights are duly exercised;
"Subscription Period"	means the period of 24 months from the date of issue of the Bonus Warrants;
"Subscription Price"	means the sum payable in respect of each Share upon exercise of the Subscription Rights, initially being HK$0.05 each (subject to adjustments); and
"Subscription Rights"	in respect of each Bonus Warrant, means the subscription right attached to the Bonus Warrant to subscribe for one fully-paid Share at the Subscription Price.
"Subscription Rights Reserve"	A reserve establish and maintained by the Company, the amount of which shall at no time be less than the sum which for the time being would be required to be capitalised and applied in paying up in full the nominal amount of the additional Shares required to be issued and allotted credited as fully paid up pursuant to the Warrant Instrument on the exercise in full of all the Subscription Rights outstanding and shall apply the subscription Rights Reserve in paying up in full such additional Shares as and when the same are allotted.

(b) The Warrantholder for the time being of each Bonus Warrant will have the right, at any time during the Subscription Period on any day (other than a Saturday, Sunday or any other public holiday) on which banks in Hong Kong are generally open for clearing and settlement business, to subscribe for one fully-paid Share in cash at HK$0.05 per Share (subject to adjustments). After 4:00 p.m. on the last day of the Subscription Period, any Subscription Rights which have not been exercised will lapse and the Bonus Warrants and the Warrant Certificates will cease to be valid for any purpose.

(c) Each Warrant Certificate will contain a subscription form (the "Subscription Form"). In order to exercise in whole or in part the Subscription Rights represented by the Warrant Certificate, the Warrantholders must complete and sign the Subscription Form (which, once signed and completed, shall be irrevocable) and deliver the Warrant Certificate (and, if the subscription form used shall not be the form endorsed thereon, the separate subscription form) duly completed to the Registrars together with a remittance for the Exercise Moneys (in the case of a partial exercise, the relevant portion of the Exercise Moneys). In each case, compliance must also be made by the exercising Warrantholder with any exchange control, fiscal or other laws or regulations for the time being applicable.

(d) The number of Shares to be allotted on exercise of the Subscription Rights shall be the number of the Bonus Warrants subject to exercise as specified in the relevant Subscription Form and in respect of which the Exercise Moneys thereof have been duly remitted as aforesaid.

(e) The Company has undertaken in the Instrument that Shares falling to be issued upon the exercise of the Subscription Rights will be issued and allotted not later than 21 calendar days after the relevant Subscription Date and will rank pari passu with the fully-paid Shares in issue on the relevant Subscription Date and accordingly shall entitle the holders to vote at general meetings of the Company and to participate in all dividends or other distributions declared, paid or made on or after the relevant Subscription Date unless adjustment therefor has been made as provided in the Instrument, other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be on or before the relevant Subscription Date and notice of the amount and record date for which shall have been given to the Stock Exchange prior to the relevant Subscription Date.

(f) As soon as reasonably practicable after the relevant allotment of Shares (and not later than 21 calendar days after the relevant Subscription Date), there will be issued free of charge to the Warrantholder(s) to whom such allotment has been made:

(i) a certificate (or certificates) for the relevant Shares in the name(s) of such Warrantholder(s); and

(ii) (if applicable) a balancing Warrant Certificate in registered form in the name(s) of such Warrantholder(s) in respect of any Subscription Rights represented by the Warrant Certificate lodged but remaining unexercised.

(g) The certificate(s) for Shares arising on the exercise of the Subscription Rights and the balancing Warrant Certificate (if any) will be sent by post at the risk of such Warrantholder(s) to the address of such Warrantholder(s) or (in the case of a joint holding) to that one of them whose name stands first in the register of Warrantholders of the Company (which shall be deemed to be a sufficient dispatched to all of them). If the Company agrees, such certificates may by prior arrangement be retained by the Registrars to await collection by the relevant Warrantholder(s).

2. ADJUSTMENT OF SUBSCRIPTION PRICE

The Instrument contains detailed provisions relating to the adjustment of the Subscription Price. The following is a summary of, and is subject to, the adjustment provisions of the Instrument:

(a) The Subscription Price shall (except as mentioned in sub-paragraphs (b), (c) and (d) below) be adjusted as provided in the Instrument in each of the following cases:

(i) if and whenever the nominal amount of the Shares is altered by reason of any consolidation or subdivision;

(ii) if and whenever the Company shall issue (other than in lieu of a cash dividend) any Shares credited as fully paid by way of capitalisation of profits or reserves (including to the extent permitted by law those in share premium account or contributed surplus account (if any));

(iii) if and whenever the Company shall make any Capital Distribution, whether on a reduction of capital or otherwise, except pursuant to a purchase by the Company of shares to holders of Shares (in their capacity as such);

(iv) if and whenever the Company shall grant to the holders of Shares (in their capacity as such) rights to acquire for cash assets of the Company or any of its subsidiaries;

(v) if and whenever the Company shall offer to holders of Shares new Shares for subscription by way of rights or shall grant to holders of Shares any options or warrants to subscribe for new Shares, in each case at a price which is less than 90% of the market price (calculation as provided in the Instrument);

(vi) if and whenever the Company or any other company shall issue wholly for cash any securities which by their terms are convertible into or exchangeable for or carrying rights of subscription for new Shares, if in any case the total Effective Consideration initially receivable per Share is less than 90% of the market price (calculation as provided in the Instrument), or the terms of any such issue being altered so that the said total Effective Consideration is less than 90% of such market price;

(vii) if and whenever the Company shall issue wholly for cash of any Shares (other than Shares issued pursuant to a Share Option Scheme) a price per Share which is less than 90% of the market price (calculation as provided in the Instrument); and

(viii) if and whenever the Company repurchase any Shares (or securities convertible into, or any rights to subscribe for, Shares) in circumstances where the Directors consider that it may be appropriate to make an adjustment to the Subscription Price.

For the purpose of (a)(i) to (viii), "**market price**" means the average of the closing prices of one Share on the Stock Exchange in respect of dealing in board lots for the five consecutive dealing days on each of which there is a closing price ending on the last such dealing day immediately preceding the day on which the announcement in relation to the events depicted in (a)(i) to (viii) is made.

(b) Except as mentioned in sub-paragraph (c) below, no such adjustment as is referred to in sub-paragraph (a) above will be made in respect of:

(i) an issue of fully-paid Shares upon the exercise of any conversion rights attached to securities convertible into Shares or upon the exercise of any rights (including the Subscription Rights) to acquire Shares;

(ii) an issue by the Company of Shares or by the Company or any subsidiary of securities wholly or partly convertible into or carrying rights to acquire Shares, in any such case in consideration or part consideration for the acquisition of any other securities, assets or business;

(iii) an issue of fully-paid Shares by way of capitalisation of all or part of the Subscription Rights Reserve to be established in certain circumstances pursuant to the terms and conditions contained in the Instrument (or any similar reserve which has been or may be established pursuant to the terms of any other securities wholly or partly convertible into or carrying rights to acquire Shares);

(iv) an issue of Shares in lieu of a cash dividend or schemes of a similar nature where an amount not less than the nominal amount of the Shares so issued is capitalised and the market value (calculation as provided in the Instrument) of such Shares is not more than 110% of the amount of dividend which holders of Shares could elect to or would otherwise receive in cash; or

(v) an issue by the Company of Shares or by the Company or any subsidiary of securities convertible into, or exchangeable for, or carrying rights of subscription for, Shares pursuant to a Share Option Scheme.

(c) Notwithstanding the provisions referred to in sub-paragraphs (a) and (b) above, in any circumstances where the Directors shall consider that an adjustment to the Subscription Price provided for under the said provisions should not be made or should be calculated on a different basis or that an adjustment to the Subscription Price should be made notwithstanding that no such adjustment is required under the said provisions or that an adjustment should take effect on a different date or with a different time from that provided for under the said provisions, the Company may appoint the auditors of the Company or an approved merchant bank to consider whether for any reason whatever the adjustment to be made (or the absence of adjustment) would not or might not fairly and appropriately reflect the relative interests of the persons affected thereby and, if the auditors of the Company or such approved merchant bank (as the case may be) shall consider this to be the case, the adjustment shall be modified or nullified or an adjustment made instead of no adjustment in such manner (including, without limitation, making an adjustment calculated on a different basis) and/or the adjustment shall take effect from such other date and/or time as shall be certified by the auditors of the Company or such approved merchant bank (as the case may be) to be in its opinion appropriate.

(d) Any adjustment to the Subscription Price shall be made to the nearest one-tenth of a cent so that any amount under half of one-tenth of a cent shall be rounded down and any amount of half of one-tenth of a cent or more shall be rounded up. No adjustment shall be made to the Subscription Price in any case in which the amount by which the same would be reduced would be less than one-tenth of a cent and any adjustment that would otherwise be required then to be made shall not be carried forward. No adjustment may be made (except on a consolidation of Shares into shares of a larger nominal amount or upon a repurchase of Shares) which would increase the Subscription Price.

(e) Every adjustment to the Subscription Price will be certified to be fair and appropriate by the auditors of the Company or an approved merchant bank and notice of each adjustment (giving the relevant particulars) will be given to the Warrantholders. In giving any certificate or making any adjustment, the auditors of the Company or the approved merchant bank (as the case may be) shall be deemed to be acting as experts and not as arbitrators and in the absence of manifest error, their decision shall be conclusive and binding on the Company and the Warrantholders and all persons claiming through or under them respectively. Any such certificate of the auditors of the Company or the approved merchant bank (as the case may be) will be available for inspection at the principal place of business of the Company for so long as any of the Subscription Rights remains exercisable.

The Instrument also contains provisions for the adjustment to the Subscription Rights attaching to the Bonus Warrants so that if and whenever there shall be an alteration to the nominal amount of each of the Shares by reason of any consolidation or subdivision, the Subscription Rights attaching to the Bonus Warrants shall be varied so that the number of Shares which may be subscribed upon exercise of each Bonus Warrant shall be multiplied by a fraction representing the nominal amount of one Share immediately before such alteration bears in relation to the nominal amount of one Share immediately after such alteration.

3. REGISTERED WARRANTS

The Bonus Warrants will be issued in registered form. The Company will be entitled to treat the registered holder of any Bonus Warrant as the absolute owner thereof and accordingly will not, except as ordered by a court of competent jurisdiction or required by law, be bound to recognise any equitable or other claim to or interest in such Bonus Warrant on the part of any other person, whether or not it shall have express or other notice thereof.

4. TRANSFER, TRANSMISSION AND REGISTER

(a) The Bonus Warrants will be transferrable, by instrument of transfer in any usual or common form or in any other form which may be approved by the Directors. Where the transferor or transferee is HKSCC Nominees Limited or its successor thereto (or such other company as may be approved by the Directors for this purpose), the instrument of transfer may be executed under the hand of an authorised person(s) or by machine imprinted signature(s).

(b) The Company will maintain a register of Warrantholders accordingly. The register may be closed from time to time. Any transfer or exercise of the Subscription Rights attached to the Bonus Warrants made while the register of Warrantholders is so closed shall, as between the Company and the person claiming under the relevant transfer of Bonus Warrants or, as the case may be, as between the Company and the Warrantholder who has so exercised the Subscription Rights attached to his Bonus Warrants (but not otherwise), be considered as made immediately after the reopening of the register of Warrantholders. Transfers of Bonus Warrants must be executed by both the transferor and the transferee. The provisions of the Articles relating to, inter alia, the registration, transmission and transfer of Shares and the register of members shall, mutatis mutandis, apply to the registration, transmission and transfer of the Bonus Warrants and the register of Warrantholders.

(c) Persons who hold Bonus Warrants and have not registered the Bonus Warrants in their own names and wish to exercise the Bonus Warrants should note that they may incur additional costs and expenses in connection with any expedited re-registration of Bonus Warrants prior to the transfer or exercise of the Subscription Rights attached to the Bonus Warrants, in particular during the period commencing 10 business days prior to and including the last day of the Subscription Period.

(d) Since the Bonus Warrants will be admitted to CCASS, so far as applicable laws or regulations of relevant regulatory authorities and the terms of the Instrument and circumstances permit, the Company may determine the last trading day of the Bonus Warrants to be a date at least three trading days before the last day of the Subscription Period.

The registration of transfers may be suspended and the register of Warrantholders may be closed at such times and for such periods as the Directors may from time to time direct, provided that the same shall not be closed for a period in aggregate of more than 30 days in any one year. Any transfer or exercise of the Subscription Rights attached to the Bonus Warrants made while the register of Warrantholders is so closed shall, as between the Company and the person claiming under the relevant transfer of the Bonus Warrants or, as the case may be, as between the Company and the Warrantholders who have so exercised their respective Subscription Rights attached to their Bonus Warrants (but not otherwise), be considered as made immediately after the reopening of the register of Warrantholders.

5. PURCHASE AND CANCELLATION

The Company or any of its subsidiaries may at any time, subject to the relevant Hong Kong legislations on share repurchases, the Listing Rules, and all other applicable laws, rules and regulations, purchase the Bonus Warrants:

(a) in the open market or by tender (available to all Warrantholders alike) at any price; or

(b) by private treaty at a price per Bonus Warrant, exclusive of expenses, not exceeding 110% of the closing price on the Stock Exchange per Bonus Warrant for one or more board lots of Bonus Warrants on the last day on which the Bonus Warrants were traded on the Stock Exchange prior to the date of purchase of the Bonus Warrants, but not otherwise.

All Bonus Warrants purchased as aforesaid shall be cancelled forthwith and may not be reissued or re-sold.

6. MEETINGS OF WARRANTHOLDERS AND MODIFICATION OF RIGHTS

(a) The Instrument contains provisions for convening meetings of the Warrantholders to consider any matter affecting the interests of the Warrantholders, including the modification by a special resolution of the provisions of the Instrument and/or the Conditions. A resolution duly passed at any such meeting shall be binding on the Warrantholders, whether present or not.

(b) All or any of the rights for the time being attached to the Bonus Warrants (including any of the provisions of the Instrument) may from time to time (whether or not the Company is being wound up) be altered or abrogated (including but without prejudice to that generality by waiving compliance with, or by waiving or authorising any past or proposed breach of, any of the provisions of the Conditions and/or the Instrument) and the sanction of a special resolution of the Warrantholders shall be necessary to effect such alteration or abrogation.

(c) At any meeting of Warrantholders, two or more Warrantholders (or their proxies) shall form a quorum.

(d) Where a Warrantholder is a recognised clearing house (within the meaning of the SFO) or its nominee(s), it may authorise such person or persons as it thinks fit to act as its representative(s) or its proxy (or proxies) at any Warrantholders' meeting provided that, if more than one person is so authorised, the authorisation or proxy form must specify the number and class of Bonus Warrants in respect of which each such person is so authorised. The person(s) so authorised will be entitled to exercise the same power on behalf of the recognised clearing house as that clearing house or its nominee(s) could exercise as if such person(s) were an individual Warrantholder.

7. REPLACEMENT OF WARRANT CERTIFICATES

If a Warrant Certificate is mutilated, defaced, lost or destroyed, it may, at the discretion of the Company, be replaced at the office of the Registrars on payment of such costs as may be incurred in connection therewith and on such terms as to evidence, indemnity and/or security as the Company may require and on payment of such fee not exceeding the maximum fee as may from time to time be permitted by the Stock Exchange as the Company may determine. Mutilated or defaced Warrant Certificates must be surrendered before replacements will be issued.

In the case of lost Warrant Certificates, sub-sections (2), (3), (4), (6), (7) and (8) of section 71A of the Companies Ordinance shall apply as if "shares" referred to therein included Bonus Warrants.

8. PROTECTION OF SUBSCRIPTION RIGHTS

The Instrument contains certain undertakings by and restrictions on the Company designed to protect the Subscription Rights.

9. CALL

If at any time, the aggregate number of Bonus Warrants outstanding is equal to or less than 10% of the total number of Bonus Warrants issued under the Instrument, the Company may, on giving not less than three months' notice, require the Warrantholders either to exercise their Subscription Rights or to allow them to lapse. On expiry of such notice, all unexercised Bonus Warrants will be automatically cancelled without compensation to the Warrantholders.

10. FURTHER ISSUES

The Company shall be at liberty to issue further subscription warrants.

11. NOTICES

(a) The Instrument contains provisions relating to notices to be given to Warrantholders.

(b) Every Warrantholder shall register with the Company, an address either in Hong Kong or elsewhere to which notices can be sent and if any Warrantholder shall fail to do so, notice may be given to such Warrantholder by sending the same in any of the manners hereinafter mentioned to his last known place of business or residence or, if there be none, by posting the same for three business days at the principal place of business for the time being of the Company.

(c) A notice may be given by way of an announcement in accordance with the Listing Rules or by delivery, prepaid letter (airmail in the case of an overseas address) or facsimile.

(d) All notices with respect to the Bonus Warrants standing in the names of joint holders shall be given to whichever of such persons is named first in the register of Warrantholders and notice so given shall be sufficient notice to all the joint holders of such Bonus Warrants.

12. RIGHTS OF WARRANTHOLDERS ON WINDING-UP

(a) The Instrument provides that:

(i) in the event a notice is given by the Company to its Shareholders (and the Warrantholders) to convene a shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to wind-up the Company voluntarily, every Warrantholder shall be entitled by irrevocable surrender of his Warrant Certificate(s) to the Company with the Subscription Form(s) duly completed, together with payment of the relevant Exercise Moneys or the relative portion thereof (such Subscription Form(s) and Exercise Moneys to be received by the Company not later than two business days prior to the proposed shareholders' meeting), to exercise the Subscription Rights represented by such Warrant Certificate(s) and the Company shall cause to be allotted and issued, as soon as possible and in any event no later than the day immediately prior to the date of the proposed shareholders' meeting, such number of Shares which fall to be issued pursuant to the exercise of the relevant Subscription Rights. The Company shall give notice to the Warrantholders of the passing of such resolution within seven (7) days after the passing thereof; and

(ii) if an effective resolution is passed during the Subscription Period for the voluntary winding-up of the Company for the purpose of reconstruction or amalgamation pursuant to a scheme of arrangement to which the Warrantholders, or some person(s) designated by them for such purpose by a special resolution, shall be a party or in conjunction with which a proposal is made to the Warrantholders and is approved by a special resolution, the terms of such scheme of arrangement or (as the case may be) proposal will be binding on all the Warrantholders.

(b) In all other circumstances in which the Company may be wound up, the Instrument provides that all Subscription Rights which have not been exercised at the commencement of the winding-up will lapse and each Warrant Certificate will cease to be valid for any purpose.

13. OVERSEAS WARRANTHOLDERS

If a Warrantholder has a registered address in any territory other than Hong Kong where, in the opinion of the Directors, the allotment of Shares to such Warrantholder upon exercise of any Subscription Rights would or might, in the absence of compliance with registration or any other special formalities in such territory, be unlawful or impracticable under the laws of such territory, then the Company will as soon as practicable after exercise by such Warrantholder of any Subscription Rights either (a) allot the Shares which would otherwise have been allotted to such Warrantholder to one or more third parties selected by the Company, or (b) allot such Shares to such Warrantholder and then, on his behalf, sell them to one or more third parties selected by the Company, in each case for the best consideration then reasonably obtainable by the Company. As soon as reasonably practicable following any such allotment or (as the case may be) allotment and sale, the Company will pay to such Warrantholder an amount equal to the consideration, after deduction of expenses, received by it by posting the remittance to him at his own risks.

14. GOVERNING LAW

The Instrument and the Bonus Warrants are governed by and will be construed in accordance with the laws of Hong Kong. The Company irrevocably submits to the non-exclusive jurisdiction of the courts of Hong Kong in respect of the Instrument and the Bonus Warrants and all matters and disputes arising in connection with them.

This appendix serves as an additional disclosure requirement pursuant to Rule 21.09 of the Listing Rules in connection with the listing document of investment company. This appendix includes particulars given in compliance with the Listing Rules for the purpose of giving information to the public with regard to the Company. The Directors and the directors of the Investment Manager collectively and individually accept full responsibility for the accuracy of the information contained in this appendix and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

INVESTMENT MANAGEMENT INFORMATION

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Directors of the Investment Manager	Wong Foelan 26/F, China United Centre 28 Marble Road North Point Hong Kong
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Custodian

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Hong Kong

THE INVESTMENT MANAGER

The Investment Manager of the Company is CU Investment Management Limited, a company incorporated in Hong Kong on 27 August 2001 with limited liability and is a licensed corporation to carry out business in type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO. The Investment Manager is responsible for seeking out, identifying, reviewing and evaluating suitable investment and divestment opportunities and providing investment research reports to, effecting investment and divestment decisions made by the Board at the request of the Board, and monitoring investments of the Company in accordance with the Investment Management Agreements, the Articles and the investment policies of the Company. The Board is responsible for the final decision on whether or not to make an investment and once a decision is made, the investment will be entered into by the Company directly as principal and the Investment Manager does not execute any trades on or for behalf of the Company.

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

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.

From 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.

From 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 focus on Hong Kong indexes arbitrary trading, the investment objective of which was for short to medium term investment appreciation and its performance was correlated with Hang Send Index. During this period, he conducted proprietary trading for in-house and institutional client funds and wrote investment reports.

From 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.

From 2000 to 2001, Dr. Wong worked in a securities firm in Hong Kong serving an in-house fund of a size of around 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 around HK$10 million with a focus on Hong Kong indexes arbitrary trading, 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.

From 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 investment in Hong Kong listed Chinese firms, the investment objective of which was for long term investment appreciation and its performance was correlated with Hang Seng Index. During these periods, his duty was to provide strategic investment advisory reports and followed up the fund's investment activities. The trust performance was occasionally traded out-performed to the said indexes.

From 2007 to 2008, Dr. Wong worked for the Investment Manager and provided investment advisory reports to two Chapter 21 investment companies, Unity Investments Holding Limited and the Company, of a fund size of around HK$100 million to HK$200 million. The investment objectives were for capital growth.

From 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 supervising the fund's investment activities.

In 2009, Dr. Wong worked for an Indian capital based fund with a size of around HK$70 million, the investment objective of which was 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 supervised the fund's investment activities.

Since 2010, Dr. Wong works for the Investment Manager and provides investment advisory reports to Unity Investments Holding Limited, National Investments Fund Limited and the Company, 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). They don't have any relevant benchmark for comparison.

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 in 2003 with a Master of Management Information Systems degree and is also the holder of a doctorate degree in Business Administration from the United States (U.S.) in 2010. Dr. Wong is also a director of Hennabun Capital Group Limited. Dr. Wong was appointed as the managing director of the Investment Manager on 4 March 2010. Dr. Wong has not been 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 the Investment Manager 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 has not been 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 services sector since 1981. Between 1981 to 1989, Mr. Au Yeung was engaged in numerous insurance (reinsurance, general insurance and insurance broking) companies. Thereafter, 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, with responsibility for 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, and direct management, of two SFC-licensed asset management firms in Hong Kong from 2006 to 2008 and from 2008 to 2010 respectively. Mr. Au Yeung oversaw and supervised the fund management function of the respective companies which included making decision and granting approval on the listed securities to be invested and sold by the asset management companies. These private funds were not collective funds but were individual funds with a minimum investment of US$1 million that the company managed for third parties. Similar to the Company, these funds invested in listed securities in Hong Kong. The objectives of such funds depended on the risk tolerance level of the investors who had separate accounts in such funds. For example, the funds would focus on blue-clip utility stocks if the investors' acceptable risk level was low. On the contrary, the funds would invest in small-caps stocks if the investors' acceptable risk level is high. During that period, Mr. Au Yeung was responsible for managing the individual investment portfolios of the investors which involved frequent review and adjustment to the investment allocations of the relevant fund. The funds have an aggregate size of approximately HK$20 million and HK$30 million, respectively.

From 1998 to 2001, Mr. Au Yeung was the CEO of the Hantec Asset Management Fund ("HAMF") and was responsible for its management, which included making decision and granting approval on its investments. From 2002 to 2004, Mr. Au Yeung provided investment management services, primarily in the form of providing investment reports, to the China Investment Fund ("CIF") under China Investment Fund Limited (stock code: 612) a Chapter 21 investment company. Similar to the Company, such funds invested in Hong Kong stocks. The sizes of HAMF and CIF were approximately US$3 million and HK$30 million respectively. The objectives of such funds, similar to that of the Company, were to achieve long-term capital appreciation. During the period HAMF and CIF were under Mr. Au Yeung's management, their performance corresponded to that of the Hang Seng Index.

As far as roles and responsibilities are concerned, in addition to providing investment management services to third party investors, Mr. Au Yeung was also responsible for overseeing the overall operation of the 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, United Kingdom 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 in Hong Kong to carry on dealing in securities, advising on securities and asset management regulated activities. Mr. Au Yeung was appointed as a director of Investment Manager on 3 August 2010.

Mr. Au Yeung has not been 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 experience. Miss Chan has previous working 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 managing funds on behalf of third party investors.

Miss Chan was involved in the management of two publicly-listed Canadian funds (the "Canadian Funds") during her employment within a top five Canadian bank from 2004 to 2007. Her responsibilities cover (i) assist the chief investment officers in the management of the two funds, with a particular focus on the natural resources sector, (ii) provide investment advisory services in the form of advisory reports to institutional and professional clients, and (iii) act as private banker and provide investment advises to clients and also managed their portfolios. 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. During that period, the performances of the Canadian Funds out perform by approximately 20% on average to that of the S&P/TSX Composite Index.

From 2007 to 2008, Miss Chan was an associate director of a regional financial institution which managed a mix-fund both for itself and for investments of third parties. The aggregated fund size of approximately HK$100 million was made up by approximately 20% of in-house fund and 80% of third party investments. 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 investment objectives of the Company. During this period, Miss Chan was responsible for managing the institutional clients and in-house funds portfolio investment activities. During the period of her employment with this regional financial institution, the performance of the fund corresponded closely to that of the Hang Seng Index.

In 2008, Miss Chan held the position of Vice President in a Swiss bank during which time she was involved in the management of a fund in a size of approximately HK$1 billion, as well as assisted the chief investment officer in the management of a US$220 million public fund. Miss Chan was solely responsible for the investment management of the HK$1 billion private fund. Her role includes providing investment advisory services in the form of advisory reports to institutional and professional clients and review and manage their portfolios. 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 investment objectives of 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. During the period of her employment with this Swiss bank, the performance of the fund was approximately 50% on average below that of the Hang Seng Index.

From October 2008 to August 2010, Miss Chan served a Hong Kong listed issuer in an in-house capacity and managed a fund of approximately HK$200 million. The focus of the fund was to invest in small to medium listed and unlisted companies 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. The investment objective of which was to achieve listing status, 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 Investment Manager 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.

Miss Chan's roles and responsibilities in the present and the past included giving investment advice. She 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 in Hong Kong. Miss Chan was appointed as a director of Investment Manager on 8 July 2011. Miss Chan has not been involved in any breaches of laws, rules and regulations in the securities industry which has bearing on her integrity and competence.

The Investment Manager has and continues to comply with all requirements under the SFO, including the SFO Guideline titled SFO's "Intermediaries Supervision -Analyst conflicts of interest" (the "Guidelines")

The Investment Manager observes the following guidelines:

- Investment research produced by the Investment Manager is solely for the firm's or its group companies' internal use and is not distributed to retail clients.

- All analysts publishing investment research or advice on specific securities are subject to the Guidelines other than in the circumstances of giving personal (one-to-one) investment advice to clients.

- The Investment Manager has established appropriate procedures to require and enable their analysts to report/disclose the relevant disclosures. The management of the Investment Manager is responsible for ensuring that these procedures are enforced.

- Analysts may not participate in business activities designed to solicit investment banking business. Therefore, employees of the Investment Manager do not participate as members of the teams that conduct sales pitches or road shows.

- The Investment Manager complies with all applicable laws, rules and codes. The Investment Manager routinely reviews, and assesses its systems and controls to promptly identify issues and matters that may be detrimental to a client's interest.

- The Investment Manager recruits staff that are fit and proper persons and have an adequate level of knowledge and skills to provide advice to clients. The Investment Manager also provides regular and appropriate training to its employees and ensure that they keep abreast of developments in the industry.

- On an ongoing basis, the Investment Manager ensures that its client files are reviewed by qualified and competent personnel.

- Client complaints are promptly investigated in accordance with a properly documented procedure.

The Investment Manager is also currently acting as the investment manager of other Chapter 21 listed investment companies namely Unity Investments Holdings Limited ("Unity") and National Fund. Apart from the Company, Unity and National Fund, the Investment Manager is not currently providing management or advisory services to any other Chapter 21 listed investment companies. According to the Investment Manager, the investment objectives and policies of the Company, Unity and National Fund, although not the same, are quite similar in nature, with both companies' primary objective of achieving medium-term to long-term capital appreciation by investing in listed and unlisted companies in Hong Kong and the PRC. The investment objective of National Fund also includes the intention to invest in unlisted companies with the potential to seek a listing on the Stock Exchange or any overseas stock exchange. The investment policies of both Unity and National Fund are to make investments in the form of equity related securities and debt instruments in listed and unlisted companies engaged in different industries, with National Fund including in its scope investments in the pharmaceutical, life and environmental sectors. Investments should normally be made in enterprises which are established in their respective fields and in which the board of the relevant company believes that there are prospects of long-term growth. Where possible, the board of the relevant company and the investment manager 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. Investment restrictions between Unity and National Fund are largely the same, with National Fund having the added restriction of not to invest more than 50% of its assets outside Hong Kong and the PRC and not to engage in transactions in options and futures except for hedging purposes.

The Investment Manager's duties towards the Company involve, inter alia, the provision of investment advice in the form of investment reports to the Company. All investment advice provided by the Investment Manager is subject to approval by the Board before the relevant investment can proceed, any investment (once approved) can only be entered into by the Company directly and as principal, and the Investment Manager does not have the authority to bind the Company to any investment. The Investment Manager has a similar involvement with Unity and National Fund whereby, the Investment Manager provides investment reports to Unity and National Fund in accordance with their respective investment objectives, and investments are executed by Unity and National Fund directly as principal, and the Investment Manager does not have the authority to enter into investments on behalf of Unity and National Fund.

Pursuant to the Investment Management Agreements, the Investment Manager must disclose to the Company any transaction involving investments in which the Company has invested or may reasonable be expected to invest before the Investment Manager enters into such transaction on its own account or on behalf of any third party, provided that the Investment Manager shall not be required to disclose to the Company information in relation to its other clients (which is subject to client confidentiality).

The Investment Manager has separate investment teams to handle exclusively the investment related matters for each listed company which are independent from each other. The separate and independent team serving the Company exclusively would ensure the Company is properly given investment advice on suitable investments identified that fall within the Company's investment objectives. The separate and independent team exclusively handling investment related matters for the Company are under a duty to use their best efforts to facilitate the Company's participation in suitable investments approved by the Board (especially where the available investment size is limited compared to potential demand). In addition, the Investment Manager has established proper Chinese walls in accordance with rules and regulations set forth by the Hong Kong Securities and Futures Commission in Hong Kong to restrict the flow of information and prevent leakage of the Company's confidential information to the separate and independent teams handling investment related matters for the Investment Manager's other clients. The investment team serving the Company is headed by Dr. Foelan Wong together with the supporting staff. Please refer to pages 163 to 165 of this circular for the qualification and experience of Dr. Foelan Wong. Dr. Foelan Wong's investment team only serves the Company and not other Chapter 21 companies.

The Company does not believe conflict of interests would arise in practice in the area of allocation (and so far, no conflict issues have arisen) even though the Investment Manager is acting as the investment manager to two other listed companies. Firstly, each of the separate and independent investment teams are required to make an independent assessment as to whether an investment opportunity the team has identified should be recommended to the client that it is serving exclusively. In the case where the same investment opportunity is identified by more than one of the separate and independent teams as suitable for their respective clients, the Company still believes conflict of interests would not arise in practice as it is the clients themselves who are ultimately responsible for executing their own trades. For instance, in relation to securities offerings (such as initial public offerings) and in relation to shares or other securities which are already listed, should the respective client decide to proceed with the investment, it is the client itself who would directly execute their orders through their respective stock brokers. Consequently, in practice, the Investment Manager does not have a role in the allocation of such investments. In the case of unlisted investment opportunities, even though the Investment Manager would assist with the negotiation of investment terms at the request of its client, it is the responsibility of the client to determine and drive the negotiation strategy, terms of investment as well as the negotiation process and timing. Again, the Investment Manager would not make the investment for or on behalf of its clients. It is the clients themselves who directly make the investment, and whether the clients are successful in making the investments would ultimately be determined by such clients and the counterparties in the unlisted investment opportunity (and not the Investment Manager) on the basis of investment terms and other factors that such clients and their counterparties consider relevant.

In any event, even though the issue of allocation does not arise (and has not arisen) in practice, the Investment Management Agreements contains safe-guards by providing that the Investment Manager should 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 investment opportunities do arise between the Company and other funds managed or advised by and/or clients of the Investment Manager, the Investment Manager would allocate such investment opportunities on a reasonable basis, taking into account factors such as the total amount available for investment by the Company and by such other funds and/or clients as well as whether such other funds and/or clients have any existing interest in the proposed investment in determining what the reasonable basis should be.

The Investment Management Agreements also contains provisions in addition to those mentioned above that help to safe guard against and/or resolve potential conflict situations, namely:–

(a) Subject to restrictions and requirements in the Listing Rules, the Company may acquire or dispose of investments from or to the Investment Manager's associated companies and/or their directors and chief executive with the prior written approval of the Board (other than Directors who are interested in such acquisition/disposal) or, where the acquisition or disposal exceeds the higher of either HK$10,000,000 or 3% of the book value of the net tangible assets of the Company, with the prior approval of the Shareholders (other than Shareholders who are interested in such acquisition/disposal).

(b) The terms of any co-investment by the Investment Manager (for itself or for other funds managed by it and/or its clients) with the Company must be no better than those in which the Company is investing.

(c) The Investment Manager undertakes, so long as it remains the investment manager of the Company, to disclose to the Company any potential conflict of interests involving the Company which it is aware of or which has been brought to its attention, prior to entering into any transaction.

(d) All soft commissions received by the Investment Manager from brokers, dealers, agents, investment advisers or other persons must be of demonstrable benefit to the Company, transaction execution must be consistent with the best execution standards, and the amounts of brokerage or service fees payable to such persons must not be in excess of customary rates.

The Company believes that the measures and mechanisms set out above as well as the provisions in the Investment Management Agreements are sufficient to safe guard against and/or resolve any potential conflict of interests that may arise.

The Custodian

Pursuant to the Custodian Agreement, Standard Chartered Bank Limited acts as the custodian (the "Custodian") in relation to the investments which the Company may from time to time deposit with the Custodian.

The Directors confirm that to the best of their knowledge none of the Directors or directors of the Investment Manager, any investment adviser, or any distribution company, or any associate of any of those persons, is or will become entitled to receive any part of any brokerage charged to the Company, or any re-allowance of other types on purchases charged to the Company.

RISKS RELATING TO THE COMPANY

The Company is an investment company with the principal investment objective of achieving earnings in the form of short to medium term (i.e. less than one year to five years) capital appreciation through investing in a diversified portfolio of investments in listed or unlisted enterprises established and/or conducting business in Hong Kong and/or the PRC. These investments will be subject to market fluctuations and to the risks inherent in all investments. Shareholders should also be aware that the Company's income and its Net Asset Value are liable to be adversely affected by external factors beyond the control of the Company. As a result, income of the Company and its Net Asset Value may therefore go down as well as go up, subject to the prevailing market conditions.

PROCEDURES IN IDENTIFYING INVESTMENT OPPORTUNITIES

The Investment Manager has several separate and independent teams to provide investment reports. The separate and independent team which serves the Company exclusively selects appropriate investment reports from the investment reports prepared by the teams of the Investment Manager according to the investment guidelines and strategies formulated by the Board from time to time, and provides the Board with a preliminary investment report for consideration together with its preliminary recommendation in respect of the investments in question. If the Board agrees to the preliminary recommendation of the Investment Manager to proceed with an investment, it will instruct the Investment Manager to proceed to organise any appropriate due diligence exercise or investigation and to commence negotiation of the investment terms if the investment is an unlisted investment. A detailed investment report containing the recommendation of the Investment Manager as to whether or not to proceed with the relevant investment will then be submitted to the Board for approval for which a decision by a majority resolution of the Board is required. Investment opportunities which are recommended by the Investment Manager and approved by a resolution of the Board will be made. If the Board shall resolve to proceed with the investment, the Investment Manager will be responsible for supervising the completion of the Company's investment. The Investment Manager shall not at any time make any investment decision or enter into any transactions on behalf of the Company. Any investment or divestment (once approved) can only be entered into by the Company (or its subsidiaries) directly. The separate and independent teams of the Investment Manager which serves the Company exclusively would not communicate to other clients of the Investment Manager any information concerning investments that the Company has made or can reasonably be expected to make. If the Board shall resolve to proceed with the investment, the Investment Manager will be responsible for supervising the completion of the Company's investment. The Investment Manager is not authorised to make investment decision or enter into any transactions on behalf of the Company. Any investment or divestment (once approved) can only be entered into by the Company (or its subsidiary) directly.

The Company would consider the investment reports on an individual case basis and would take into account the nature of business and principal activities of the target investee company, the financial position of the target investee company, in particular its liquidity ratio, asset backing ratio, and analysis of the performance of its share prices, and the recommendations made by the Investment Manager and the factors thereon in making the investment decision.

INVESTMENT OBJECTIVES AND POLICIES

The Company is an investment company with the principal investment objective of achieving earnings in the form of short to medium term (i.e. less than one year to five years) capital appreciation through investing in a diversified portfolio of investments in listed and unlisted companies in Hong Kong and overseas markets.

The Company has adopted the following investment policies:

(a) at least 70% of the Company's investments will be made in the forms of equity securities, equity-related securities, debt instruments issued by listed or unlisted enterprises established and/or conducting business in Hong Kong and/or the PRC, or such other types of investments in accordance with the investment objective and policies adopted by the Company from time to time and the requirements of the Memorandum, the Articles, the Listing Rules and the Investment Management Agreements. The Articles contain no restriction on the geographical location of enterprises which the Company is permitted to invest. However, the Company will invest primarily in enterprises with operations based in Hong Kong and/or the PRC or with offices in these two jurisdictions. Not more than 30% of the investments of the Company may be made outside Hong Kong and the PRC where the Directors consider that such investments would provide attractive returns;

(b) the Company's investments will normally be made in the forms of equity securities or equity-related securities or debt instruments in listed and unlisted companies engaged in different industries including, but not limited to, information technology, telecommunications, biological technology, manufacturing, service, property, internet-related business, financial services, entertainment business and hotel catering so as to maintain a balance in the Company's exposure to different industry sectors and to minimise the impact on the Company in respect of any downturn in any particular sector in which the Company has investments;

(c) the Company's investments will normally be made in enterprises which are established in their respective fields and in which the Board believes there are prospects for substantial growth. In particular, the Company will seek to identify enterprises with competitive products and concepts, strong management, high level of technical expertise and research and development capabilities, large potential markets, as well as management commitment to the long-term growth;

(d) the Company may also invest in companies or other entities which are considered by the Board as being special or in recovery situations on a case-by-case basis, such as companies in the course of recovery situations or the shares of which are trading below their net asset value per share, which may have extensive growth in a shorter period and provide attractive returns;

(e) where possible, the Company would seek to identify investments where there is a certain degree of synergy with other investee companies and where co-operation between such companies would be of mutual benefit to each other;

(f) the investments are intended to be held for short to medium term (i.e. less than one year to five years) capital appreciation. The actual holding period will be dependent on the return from investment and the potential of being listed on the Stock Exchange or other internationally recognised stock exchanges. The Company will, however, realise investments where the Board believes that such realisation would be in the best interests of the Company or where the terms on which such realisation can be made are considered by the Board to be particularly favourable to the Company;

(g) the Company's investments may be in forms of interests in FIEs or participation in unincorporated investments. In the event that the entity in which an investment is made is an unlimited company established or formed under the laws of Hong Kong or the PRC, the Company will invest either through a subsidiary or an intermediate holding company with limited liability. The Company will seek to ensure that it is not unnecessarily exposed to unlimited liability;

(h) in the event there are financial resources available and are not immediately required for other purposes, the Company may trade in equity securities, equity-related securities or debt instruments issued by listed or unlisted companies on short term basis which are considered appropriate by the Board and/or the Investment Manager; and

(i) before suitable investment projects are identified, the Company may seek to protect the capital value of the Company's assets by placing on deposits in Hong Kong Dollars or other currency with financial institutions in Hong Kong or investing in debt securities, money market instruments and other instruments issued by Hong Kong, the US and Eurozone governments and their respective subdivision.

In accordance with the investment objectives, policies and restrictions of the Company, the Company is able to invest in unlisted securities not exceeding 20% of the NAV of the Company and the investments in options, warrants, commodities and future contracts shall not be greater than 30% of the Company's total investments. The Company has no intention to invest in precious metals as at the Latest Practicable Date.

INVESTMENT RESTRICTIONS

The Articles and the Listing Rules impose certain restrictions on investments to be made by the Company. To this end, the Board has resolved that the Company will not:

(a) either by itself or through its wholly-owned subsidiaries or in conjunction with any connected person, as defined in the Listing Rules, take legal, or effective, management control of underlying investments and in no event, will the Company itself or through its wholly-owned subsidiaries own or control more than 30% (or such other percentage as may from time to time be specified in the Takeovers Code or other laws, regulations, rules, codes, order or policies of other relevant jurisdiction as being the level of interest for triggering a mandatory general offer for all the interest of the investee companies or any other similar action or consequence) of the voting rights in any one company or body, except in relation to wholly-owned subsidiaries of the Company established for the sole purpose of holding the investments of the Company;

(b) invest in any company or entity, other than wholly-owned subsidiaries of the Company, if such investment or the aggregate amount put into the same investment will result in more than 20% of the Net Asset Value being invested in such company or entity as at the date of the investment is made; and

(c) invest more than 30% of its assets outside Hong Kong and the PRC to the extent of contravening its primary investment objective of achieving short to medium term capital appreciation by investing in listed or unlisted enterprises in Hong Kong and/or the PRC.

The Company has to comply with investment restrictions (a) and (b) above at all times while it remains listed as an investment company under Chapter 21 of the Listing Rules and these restrictions are contained in the Articles. Investment restriction (c) can be changed subject to the approval of the Shareholders by way of an ordinary resolution at a general meeting. The Board has no present intention to change any of the above-mentioned investment restrictions.

BORROWING POWER

The Board intends to exercise its borrowing power to borrow up to an aggregate principal amount of HK$160 million. In the event that the borrowing should exceed HK$160 million, the Board must obtain prior approval of the Shareholders at a general meeting. Subject to the provisions of the Memorandum, the Articles and the Investment Management Agreement, the Board may from time to time borrow for the purposes of providing liquidity or taking advantage of investment opportunities. The Investment Manager shall not have power to enter into any arrangement pursuant to the exercise of the borrowing power on behalf of the Company.

DISTRIBUTION POLICY

Interest income, dividend income and any other income of the Company will be used first to meet expenses. The Board, in consultation with the Investment Manager will then assess whether it is reasonable to make provisions for future expenses and/or any possible impairment of investments, and will consider the amount of cash which should be retained by the Company for further investments. It is the Board's intention, at the sole discretion of the Directors, to distribute any excess balance by way of dividend to the extent permitted by law, the Memorandum and the Articles. Dividends will only be paid to the extent that they are covered by net income received from underlying investments. Distributions (if any) will be made annually after the annual accounts of the Company are approved by the Shareholders but interim distributions may be made from time to time to the Shareholders as appeared to the Board to be justified by the then financial position of the Company. Distributions will be made in HK Dollars.

FOREIGN EXCHANGE POLICY AND EXCHANGE CONTROL

As a result of overseas investments denominated in United States Dollars ("US$") and Singapore Dollars ("SG$"), the Group is exposed to the movement in the HK$/US$ and HK$/SG$ exchange rates. The Group's exposure to foreign exchange risk was not significant, therefore, no financial instruments was made to hedge such exposures.

TAXATION

The taxation of income and capital gains of the Company are subject to the fiscal law and practice of Hong Kong. Shareholders should consult their own professional advisers on the tax implications of investing, holding or disposing of Shares under the laws of the jurisdiction in which they are liable to taxation.

FEES AND EXPENSES

The Company will pay to the Investment Manager and the Custodian, the fees as described below. In addition, the Company will pay certain other costs and expenses incurred in its operation, including taxes (other than Hong Kong profits tax), expenses for legal, auditing and consultancy services, promotional expenses, registration fees and other expenses due to supervisory authorities in various jurisdictions, insurance, interest, brokerage costs and the cost of publishing the Net Asset Value.

Investment management fee

The Company will pay to the Investment Manager a monthly investment management fee of HK$100,000. The investment management fee is payable on or about the fifth day of each calendar month.

Custodian fee

Pursuant to the Custodian Agreement, the Custodian will be paid for the provision of securities services at the following rates subject to revision annually by the Custodian with the approval of the Company in accordance with the terms set out in the Custodian Agreement:

(a) custody fee of 0.04% – 0.08% per annum depending on the trading market payable monthly based on month-end portfolio balance with the Custodian, with a minimum charge of US$25 per month;

(b) US$35 – US$80 depending on the trading market for each receipt of securities against payments; and

(c) US$35 – US$80 depending on the trading market for each delivery of securities against payments.

Save for the investment management fee and the custodian fee, the Investment Manager and the Custodian are not entitled to receive any other fees from the Company.

INVESTMENT PORTFOLIO

(A) Ten largest investment held as at 31 December 2008, 2009, 2010 and as at the Latest Practicable Date

The followings are the details of the ten largest investments of the Group as at 31 December 2008, 31 December 2009, 31 December 2010 and as at the Latest Practicable Date, which include all listed investments and all other investments with a value of more than 5% of the Group's gross assets as at 31 December 2008, 31 December 2009, 31 December 2010 and as at the Latest Practicable Date. Save to the investments disclosed herein, there are no other listed investments and all other investments with a value of more than 5% of the Company's gross assets as at 31 December 2008, 31 December 2009, 31 December 2010 and as at the Latest Practicable Date.

(i) As at 31 December 2008

Name of investee companies	Number of shares held	Proportion of investee's capital owned	Carrying value/Cost *HK$*	Market value *HK$*	Unrealised loss arising on revaluation *HK$*	Dividend received/ receivable during the year *HK$*	% of the Company's net assets as at year end attributable to the investments *(Note)*
a) Beijing Yu Sheng Tang Pharmaceutical Group Limited (Stock code: 1141)	62,144,000	4.99%	15,099,536	5,592,960	(9,506,576)	–	7.82%
b) Unity Investments Holdings Limited (Stock code: 913)	16,442,356	4.38%	14,985,600	2,499,238	(12,486,362)	–	3.50%
c) Mascotte Holdings Limited (Stock code: 136)	140,295,000	4.91%	34,859,268	13,328,025	(21,531,243)	–	18.64%
d) Code Agriculture (Holdings) Limited (Stock code: 8153)	28,125,000	2.98%	12,701,251	3,375,000	(9,326,251)	–	4.72%
e) Heritage International Holdings Limited (Stock code: 412)	12,271,130	4.80%	32,908,849	6,135,565	(26,773,284)	–	8.58%
f) Forefront Group Limited (Stock code: 885)	41,695,750	4.45%	42,214,153	8,297,454	(33,916,699)	–	11.61%
g) CST Mining Group Limited (Stock code: 985)	430,504,000	3.25%	25,636,647	17,220,160	(8,416,487)	–	24.09%
h) Willie International Holdings Limited (Stock code: 273)	20,343,014	5.22%	50,778,721	10,781,797	(39,996,923)	–	15.08%
i) Y.T. Realty Group Limited (Stock code: 75)	3,436,000	0.43%	6,665,840	4,191,920	(2,473,920)	1,063,080	5.86%
j) China Yunnan Tin Minerals Group Co. Limited (Stock code: 263)	3,232,000	0.09%	2,738,251	413,696	(2,324,555)	–	0.58%

Note: For each investment, it was less than 20% of the NAV of the Company at the relevant time when the investment was made. It is the time and changes in the Company's NAV that such investment became more than 20% of the NAV of the Company at the year end date.

Based on the listed investees' annual reports, a brief description of their business and financial information, which represents a significant proportion of the Group's assets are as follows:

(a) Beijing Yu Sheng Tang Pharmaceutical Group Limited ("Beijing Yu Sheng Tang") was incorporated in Bermuda and is principally engaged in the supply and procurement of business operations and securities investment.

For the year ended 31 March 2008, the audited consolidated loss from ordinary activities attributable to shareholders of Beijing Yu Sheng Tang was HK$12,854,000 and the basic loss per share was HK1.6 cents. As at 31 March 2008, its audited consolidated net asset value was HK$177,171,000.

(b) Unity Investments Holdings Limited ("Unity") was incorporated in the Cayman Islands and is principally engaged in investment in listed and unlisted companies in Hong Kong and the PRC.

For the year ended 31 December 2008, the audited consolidated loss from ordinary activities attributable to shareholders of Unity was HK$458,429,088 and the loss per share was HK1.76 cents. As at 31 December 2008, its audited consolidated net asset value was HK$153,450,852.

(c) Mascotte Holdings Limited ("Mascotte") was incorporated in Bermuda and is principally engaged in investment holding, the manufacturing of solar grade polysillicon, the manufacturing of and sale of photographic accessories, electrical and multimedia products, and property investment.

For the year ended 31 March 2008, the audited consolidated loss from ordinary activities attributable to shareholders of Mascotte was HK$232,807,416 and the basic loss per share was HK19.2 cents. As at 31 March 2008, its audited consolidated net asset value was HK$609,521,233.

(d) Code Agriculture (Holdings) Limited ("Code Agriculture") was incorporated in Bermuda and is principally engaged in the provision of pre-mastering and other media services, the provision of audiovisual playout services, the development of digital TV system platforms and program databases, the sale and rental of set-top boxes, and the design and manufacturing of digital TV equipment and facilities.

For the year ended 31 March 2008, the audited consolidated loss from ordinary activities attributable to shareholders of Code Agriculture was HK$25,687,000 and the basic loss per share was HK$6.57 cents. As at 31 March 2008, its audited consolidated net asset value was HK$112,020,000.

(e) Heritage International Holdings Limited ("Heritage") was incorporated in Bermuda and is principally engaged in property investment, investment in securities, money lending, and investment holding.

For the year ended 31 March 2008, the audited consolidated net loss from ordinary activities attributable to shareholders of Heritage was HK$367,751,000 and the basic loss per share was HK54.47 cents. As at 31 March 2008, its audited consolidated net asset value was HK$1,260,964,000.

(f) Forefront Group Limited ("Forefront") was incorporated in the Cayman Islands and is principally engaged in the trading of motor trucks, coaches and vehicle accessories, the provision of motor vehicle repair and maintenance services; and the provision of other motor vehicle related business.

For the year ended 31 December 2007, the audited consolidated net loss from ordinary activities attributable to shareholders of Forefront was HK$333,187,000 and the basic loss per share was HK25.54 cents. As at 31 December 2007, its audited consolidated net asset value was HK$246,884,000.

(g) CST Mining Group Limited ("CST Mining") was incorporated in the Cayman Islands and is principally engaged in investment holding, the provision of secretarial services, securities investment, and property investment.

For the year ended 31 March 2008, the audited consolidated net loss from ordinary activities attributable to shareholders of CST Mining was HK$305,526,000 and the basic loss per share was HK4.33 cents. As at 31 March 2008, its audited consolidated net asset value was HK$2,453,434,000.

(h) Willie International Holdings Limited ("Willie") was incorporated in Hong Kong and is principally engaged in property related investments, investment in securities, the provision of brokerage and financial services, and automobile sales and repairing in the PRC.

For the year ended 31 December 2007, the audited consolidated loss from ordinary activities attributable to shareholders of Willie was HK$197,582,000 and the basic loss per share was HK17.6 cents. As at 31 December 2007, its audited consolidated net asset value was HK$1,486,465,000.

(i) Y.T. Realty Group Limited ("Y.T. Realty") was incorporated in Bermuda and is principally engaged in property investment, the provision business management services, property management, and property trading and investment holding.

For the year ended 31 December 2007, the audited consolidated profit from ordinary activities attributable to shareholders of Y.T. Realty was HK$328,563,000 and the earnings per share was HK41.1 cents. As at 31 December 2007, its audited consolidated net asset value was HK$2,987,422,000. A dividend of approximately HK$1,063,080 was received that year.

(j) China Yunnan Tin Minerals Group Co. Limited ("China Yunnan Tin") was incorporated in Hong Kong and is principally engaged in power generation, trading of goods, the provision of finance, property investment and management, and brokerage and securities investment.

For the year ended 31 December 2007, the audited consolidated profit from ordinary activities attributable to shareholders of China Yunnan Tin was HK$75,319,000 and the basic earnings per share was HK5.17 cents. As at 31 December 2007, its audited consolidated net asset value was HK$975,422,000.

(ii) As at 31 December 2009

Name of investee companies	Number of shares held	Proportion of investee's capital owned	Carrying value/Cost	Market value	Unrealised gain (loss) arising on revaluation	Dividend received/ receivable during the year	% of the Company's net assets as at year ended attributable to the investments
			HK$	*HK$*	*HK$*	*HK$*	*(Note)*
a) China Strategic Holdings Limited (Stock code: 235)	81,666,666	2.21%	49,098,017	45,733,333	(3,364,684)	–	21.54%
b) Hanny Holdings Limited (Stock code: 275)	10,000,000	1.78%	7,800,000	5,900,000	(1,900,000)	–	2.78%
c) Freeman Financial Corporation Limited (Stock code: 279)	10,000,000	4.27%	5,519,855	6,100,000	580,145	–	2.87%
d) CST Mining Group Limited (Stock code: 985)	103,320,960	3.24%	30,151,445	25,313,635	(4,837,810)	–	11.92%
e) China Environmental Energy Investment Limited (Stock code: 986)	10,000,000	2.39%	6,158,817	6,900,000	741,183	–	3.25%
f) G-Resources Group Limited (Stock code: 1051)	37,760,882	0.27%	57,409,613	18,502,832	(38,906,781)	–	8.72%
g) Beijing Yu Sheng Tang Pharmaceutical Group Limited (Stock code: 1141)	44,800,000	2.26%	12,196,800	34,496,000	22,299,200	–	16.25%
h) China Public Healthcare (Holding) Limited (Stock code: 8116)	145,000,000	1.35%	32,820,635	30,740,000	(2,080,635)	–	14.48%
i) Code Agriculture (Holdings) Limited (Stock code: 8153)	28,125,000	1.50%	3,375,000	14,906,250	11,531,250	–	7.02%
j) Rising Development Holdings Limited (Unlisted convertible notes)	N/A	N/A	4,800,000	5,196,211	396,211	–	2.45%

Note: For each investment, it was less than 20% of the NAV of the Company at the relevant time when the investment was made. It is the time and changes in the Company's NAV that such investment became more than 20% of the NAV of the Company at the year end date.

Based on the listed investees' annual reports, a brief description of their business and financial information, which represents a significant proportion of the Group's assets are as follows:

(a) China Strategic Holdings Limited ("China Strategic") was incorporated in Hong Kong and is principally engaged in the manufacturing and trading of batteries products and relate accessories and investment in securities.

For the year ended 31 December 2008, the audited consolidated loss from ordinary activities attributable to shareholders of China Strategic was HK$452,365,000 and the basic loss per share was HK$0.23. At 31 December 2008, the audited consolidated net asset value was HK$348,837,000.

(b) Hanny Holdings Limited ("Hanny") was incorporated in Bermuda and is principally engaged in the trading of securities, holding of vessels for sand mining, industrial water supply business, and other strategic investment.

For the year ended 31 March 2009, the audited consolidated net loss from ordinary activities attributable to shareholders of Hanny was approximately HK$1,145,222,000 and the basic loss per share was HK$7.56. As at 31 March 2009, the audited consolidated net asset value was approximately HK$2,004,535,000.

(c) Freeman Financial Corporation Limited ("Freeman") was incorporated in the Cayman Islands and is principally engaged in the trading of securities, the provision of finance, trading of goods, property holding and investment, insurance agency and brokerage business, and investment holding.

For the year ended 31 March 2009, the audited consolidated net loss from ordinary activities attributable to shareholders of Freeman was approximately HK$430,348,000 and the basic loss per share was HK45.81 cents. As at 31 March 2009, the audited consolidated net asset value was approximately HK$1,080,860,000.

(d) CST Mining Group Limited ("CST Mining") was incorporated in the Cayman Islands and is principally engaged in investment holding, the provision of secretarial services, securities investment, and property investment.

For the year ended 31 March 2009, the audited consolidated net loss from ordinary activities attributable to shareholders of CST Mining was HK$366,522,000 and the basic loss per share was HK69.07 cents. As at 31 March 2009, the audited consolidated net asset value was HK$2,123,730,000.

(e) China Environmental Energy Investment Limited ("China Environment Energy") was incorporated in Bermuda and is principally engaged in investment holding, the trading and manufacture of laminates, printed circuit boards, and copper foils.

For the year ended 31 March 2009, the audited consolidated loss from ordinary activities attributable to shareholders of China Environmental Energy was approximately HK$82,405,000 and the basic loss per share was HK19.99 cents. As at 31 March 2009, the audited consolidated net asset value was HK$30,363,000.

(f) G-Resources Group Limited ("G-Resources") was incorporated in Bermuda and is principally engaged in gold and related metals mining business.

For the year ended 30 June 2009, the audited consolidated net loss from ordinary activities attributable to shareholders of G-Resources was approximately HK$164,284,000 and the basic loss per share was HK38.4 cents. As at 30 June 2009, the audited consolidated net asset value was approximately HK$497,117,000.

(g) Beijing Yu Sheng Tang Pharmaceutical Group Limited ("Beijing Yu Sheng Tang") was incorporated in Bermuda and is principally engaged in the supply and procurement of business operations and securities investment.

For the year ended 31 March 2009, the audited consolidated loss from ordinary activities attributable to shareholders of Beijing Yu Sheng Tang was HK$4,907,000 and the basic loss per share was HK0.4 cents. As at 31 March 2009, the audited consolidated net asset value was HK$228,022,000.

(h) China Public Healthcare (Holding) Limited ("China Public Healthcare") was incorporated in the Cayman Islands and is principally engaged in the development and sale of radio trunking system related software, the trading of products relating to telemedia system and the provision of related technical services, the exploration and development of mineral resource, and the development and maintenance of healthcare information technology services.

For the year ended 31 December 2009, the audited consolidated net loss from ordinary activities attributable to shareholders of China Public Healthcare was approximately HK$354,285,000 and the basic loss per share was HK6.99 cents. As at 31 December 2009, the audited consolidated net asset value was approximately HK$722,928,000.

(i) Code Agriculture (Holdings) Limited ("Code Agriculture") was incorporated in Bermuda and is principally engaged in the provision of per-mastering and other media services, the provision of audiovisual playout services, the development of digital TV system platform and program database, the sale and rental of set-top boxes and the design and manufacturing of digital TV equipment and facilities.

For the year ended 31 March 2009, the audited consolidated loss from ordinary activities attributable to shareholders of Code Agriculture was approximately HK$283,421,000 and the basic loss per share was HK33.65 cents. As at 31 March 2009, the audited consolidated net asset value was HK$269,183,000.

(j) Rising Development Holdings Limited ("Rising") was incorporated in Bermuda and is principally engaged in investment holding, the trading in securities, the manufacture and sale of fur garments and skins and the mining of natural resources.

For the year ended 31 March 2009, the audited consolidated loss from ordinary activities attributable to shareholders of Rising was approximately HK$66,679,000 and the loss per share was HK1.83 cents. As at 31 March 2009, the audited consolidated net asset value was approximately HK$447,480,000.

(iii) As at 31 December 2010

	Name of investee companies	Number of shares held	Proportion of investee's capital owned	Carrying value/Cost	Market value	Unrealised gain (loss) arising on revaluation	Dividend received/ receivable during the year	% of the Company's net assets as at year end attributable to the investments
				HK$	*HK$*	*HK$*	*HK$*	
a)	Rising Development Holdings Limited (Stock code: 1004)	30,000,000	2.16%	45,166,200	53,400,000	8,233,800	–	18.64%
	Rising Development Holdings Limited (Unlisted convertible notes)	N/A	N/A	5,196,211	5,780,785	584,574	–	2.02%
b)	Freeman Financial Corporation Limited (Stock code: 279)	138,181,818	5.46%	38,000,000	47,672,727	9,672,727	–	16.64%
c)	Beijing Yu Sheng Tang Pharmaceutical Group Limited (Stock code: 1141)	77,752,000	2.49%	22,216,713	26,046,920	3,830,207	–	9.09%
d)	G-Resources Group Limited (Stock code: 1051)	37,760,882	0.27%	18,502,832	23,034,138	4,531,306	–	8.04%
e)	China Tycoon Beverage Holdings Limited (Stock code: 209)	20,000,000	1.30%	20,071,800	19,600,000	(471,800)	–	6.84%
f)	Willie International Holdings Limited (Stock code: 273)	71,700,000	4.84%	19,961,215	15,415,500	(4,545,715)	–	5.38%
g)	China Public Healthcare (Holding) Limited (Stock code: 8116)	121,000,000	1.07%	25,652,002	11,011,000	(14,641,002)	–	3.84%

	Name of investee companies	Number of shares held	Proportion of investee's capital owned	Carrying value/Cost *HK$*	Market value *HK$*	Unrealised gain (loss) arising on revaluation *HK$*	Dividend received/ receivable during the year *HK$*	% of the Company's net assets as at year end attributable to the investments
h)	China New Energy Power Group Limited (Unlisted convertible notes)	N/A	N/A	5,000,000	10,000,000	5,000,000	–	3.49%
i)	China Strategic Holdings Limited (Stock code: 235)	34,593,332	0.94%	19,372,266	9,167,233	(10,205,033)	–	3.20%
j)	Code Agriculture (Holdings) Limited (Stock code: 8153)	28,125,000	1.04%	14,906,250	8,437,500	(6,468,750)	–	2.94%

Based on the listed investees' annual reports, a brief description of their business and financial information, which represents a significant proportion of the Group's assets are as follows:

(a) Rising Development Holdings Limited ("Rising") was incorporated in Bermuda and is principally engaged in investment holding, the trading in securities, the manufacture and sale of fur garments and skins and the mining of natural resources.

For the year ended 31 March 2010, the audited consolidated net loss from ordinary activities attributable to shareholders of Rising was approximately HK$142,901,000 and the basic loss per share was HK21.77 cents. As at 31 March 2010, the audited consolidated net asset value was approximately HK$1,289,520,000.

(b) Freeman Corporation Limited ("Freeman") was incorporated in the Cayman Islands and is principally engaged in the trading of securities, the provision of finance, trading of goods, property holding and investment, insurance agency and brokerage business, and investment holding.

For the year ended 31 March 2010, the audited consolidated net profit from ordinary activities attributable to shareholders of Freeman was approximately HK$297,486,000 and the basic earnings per share was HK$1.16. As at 31 March 2010, the audited consolidated net asset value was approximately HK$2,041,010,000.

(c) Beijing Yu Sheng Tang Pharmaceutical Group Limited ("Beijing Yu Sheng Tang") was incorporated in Bermuda and is principally engaged in the supply, procurement, production and sale of Chinese medicines and health care products, the provision of finance, securities investment and intellectual property and investment holding.

For the year ended 31 March 2010, the audited consolidated net loss from ordinary activities attributable to shareholders of Beijing Yu Sheng Tang was approximately HK$16,762,000 and the basic loss per share was HK0.92 cents. As at 31 March 2010, the audited consolidated net asset value was approximately HK$946,726,000.

(d) G-Resources Group Limited ("G-Resources") was incorporated in Bermuda and is principally engaged in the business of metals mining, the provision of financial information and management services, the trading of electronic goods and accessories, securities investment and investment holding.

For the year ended 30 June 2010, the audited consolidated net loss from ordinary activities attributable to shareholders of G-Resources was approximately HK$351,973,000 and the basic loss per share was HK2.5 cents. As at 30 June 2010, the audited consolidated net asset value was approximately HK$4,687,063,000.

(e) China Tycoon Beverage Holdings Limited ("China Tycoon") was incorporated in Bermuda and is principally engaged in manufacturing and trading of hard and stuffed toys.

For the year ended 31 December 2010, the audited consolidated loss from ordinary activities attributable to shareholders of China Tycoon was approximately HK$14,791,000 and the basic loss per share was HK1.21 cents. As at 31 December 2010, the audited consolidated net asset value was approximately HK$808,648,000.

(f) Willie International Holdings Limited ("Willie") was incorporated in Hong Kong and is principally engaged in property holding and investment, investment in securities trading, money lending, investment holding and acquiring, exploring and developing natural resources.

For the year ended 31 December 2009, the audited consolidated net profit from ordinary activities attributable to shareholders of Willie was approximately HK$129,345,000 and the basic earnings per share was HK$0.28. As at 31 December 2009, the audited consolidated net asset value was approximately HK$2,530,020,000.

(g) China Public Healthcare (Holding) Limited ("China Public Healthcare") was incorporated in the Cayman Islands and is 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 China, radio trucking systems integration and the provision of telemedia-related and other value-added telecommunication-related technical services.

For the year ended 31 December 2009, the audited consolidated net loss from ordinary activities attributable to shareholders of China Public Healthcare was approximately HK$354,285,000 and the basic loss per share was HK6.99 cents. As at 31 December 2009, the audited consolidated net asset value was approximately HK$727,437,000.

(h) China New Energy Power Group Limited ("China New Energy Power") was incorporated in Bermuda and is principally engaged in the manufacturing and trading of wooden products (include blockboard and particle board, door skin and other wooden products).

For the year ended 31 December 2009, the audited consolidated net loss from ordinary activities attributable to shareholders of China New Energy Power was approximately US$53,877,000 and the basic loss per share was US0.41 cents. As at 31 December 2009, the audited consolidated net liability value was approximately US$59,511,000.

(i) China Strategic Holdings Limited ("China Strategic") was incorporated in Hong Kong and is principally engaged in the manufacturing and trading of battery products and related accessories, investments in securities and investment holding.

For the year ended 31 December 2010, the audited consolidated loss from ordinary activities attributable to shareholders of China Strategic was approximately HK$58,641,000 and the basic loss per share was HK1.59 cents. As at 31 December 2010, the audited consolidated net asset value was approximately HK$788,392,000.

(j) Code Agriculture (Holdings) Limited ("Code Agriculture") was incorporated in Bermuda and is principally engaged in research and development, the manufacture, sales and marketing of agricultural machinery and fertilizer, technical servicing of modern agricultural technology and products in China, development of digital television system platform, cordyceps related business and investment holding.

For the year ended 31 March 2010, the audited consolidated net loss from ordinary activities attributable to shareholders of Code Agriculture was approximately HK$269,331,000 and the basic loss per share was HK14.20 cents. As at 31 March 2010, the audited consolidated net asset value was approximately HK$910,179,000.

(iv) As at the Latest Practicable Date

Name of investee company	Number of shares held	Proportion of investee's capital owned	Carrying value/Cost *HK$*	Market Value *HK$*	Unrealised gain/(loss) arising on revaluation *HK$*	Dividend received/ receivable up to the Latest Practicable Date *HK$*	Description of business	% of the Company's net assets attributable to the investments
Rising Development Holdings Limited (Stock code: 1004)	29,918,000	2.16%	53,254,040	28,422,100	(24,831,940)	–	Investment holding and trading in securities, manufacture and sale of fur garments, trading of fur skins and business of mining natural resources	23.07%
Rising Development Holdings Limited (unlisted convertible notes)	N/A	N/A	10,000,000	9,500,000	(500,000)	–		7.71%
Heritage International Holdings Limited (Stock: 412)	167,380,000	2.39%	37,030,331	22,094,160	(14,936,171)	–	Property investment, investments in securities, money lending, and investment holding	17.93%
Forefront Group Limited (Stock code: 885)	182,435,552	4.99%	22,681,004	18,973,297	(3,707,706)	–	Selling and distribution of motor vehicles, provision of heavy motor vehicle repair and maintenance services; provision of logistic services; investment in forest interest, properties investments; securities trading and money lending	15.40%
Oriental Ginza Holdings Ltd (Stock code: 996)	50,000,000	1.14%	19,001,520	16,250,000	(2,751,520)	–	Provision of retail – related consultancy and management services, and property investment business	13.19%
Kingston Financial Group Limited (Stock code: 1031)	20,527,000	0.17%	22,618,783	16,011,060	(6,607,723)	81.594	Operation of restaurants; casino in hotels and provision of hotel management services and trading of listed securities	13.00%

Name of investee company	Number of shares held	Proportion of investee's capital owned	Carrying value/Cost *HK$*	Market Value *HK$*	Unrealised gain/(loss) arising on revaluation *HK$*	Dividend received/ receivable up to the Latest Practicable Date *HK$*	Description of business	% of the Company's net assets attributable to the investments
Beijing Yu Sheng Tang Pharmaceutical Group Limited (Stock code: 1141)	175,376,000	3.55%	15,985,073	8,418,048	(7,567,025)	–	Supply & procurement of pharmaceutical products, provision of finance and securities investment	6.83%
China Public Healthcare (Holding) Limited (Stock code: 8116)	121,000,000	1.07%	11,011,000	7,260,000	(3,751,000)	–	Hospital data evaluation analytics, hospital information technology system, mining of mineral resources and accessories, radio trunking systems integration and provision of telemedia-related and other value-added technical services	5.89%
China Strategic Holdings Limited (Stock code: 235)	34,593,332	0.94%	9,167,233	5,361,966	(3,805,266)	–	Manufacture and trading of battery products and related accessories, and investment in securities	4.35%
China New Energy Power Group Limited (Unlisted convertible notes)	N/A	N/A	10,000,000	7,450,000	(2,550,000)	–	Manufacture of and trading in wooden products including blockboard and particle board, door skin and other wooden products; trading of securities; development of properties	6.05%
Code Agriculture (Holdings) Limited (Stock code: 8153)	28,125,000	1.04%	8,437,500	3,853,125	(4,584,375)	–	Research and development, manufacture, sales, and marketing, and technical servicing of modern agricultural technology and products in China. Other include development of digital television system platform and codyceps related business	3.13%

(B) Ten largest investments bought during 2008, 2009, 2010, the six months ended 30 June 2011 and the period from 1 July 2011 to the Latest Practicable Date

Set out below are the top-ten securities bought by the Company for the years ended 31 December 2008, 2009, 2010, the six months ended 30 June 2011 and the period from 1 July 2011 to the Latest Practicable Date, respectively:

Name of Securities	2008	2009	2010	For the six months ended 30 June 2011	For the period from 1 July 2011 to the Latest Practicable Date
	HK$ million	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*
Mascotte Holdings Limited (Stock code: 136)	30.49	16.38	32.70	26.87	40.40
China Tycoon Beverage Holdings Limited (Stock code: 209)	–	–	40.14	–	–
China Strategic Holdings Limited (Stock code: 235)	33.14	–	–	–	–
China Yunnan Tin Minerals Group Company Limited (Stock code: 263)	–	–	–	26.19	–
Willie International Holdings Limited (Stock code: 273)	61.29	8.66	32.04	8.12	16.58
Freeman Financial Corporation Limited (Stock code: 279)	34.27	24.08	83.50	–	–
Heritage International Holdings Limited (Stock code: 412)	27.53	11.03	26.76	10.41	39.43
Hao Tian Resources Group Limited (Stock code: 474)	–	–	32.24	–	–
eSun Holdings Limited (Stock code: 571)	29.70	–	–	–	–
China Power New Energy Development Company Limited (Stock code: 735)	18.13	–	–	–	–
Forefront Group Limited (Stock code: 885)	16.72	44.06	44.25	12.79	11.20
Unity Investments Holdings Limited (Stock code: 913)	18.07	–	15.73	–	–
CST Mining Group Limited (Stock code: 985)	28.85	12.93	–	–	–
Oriental Ginza Holdings Limited (Stock code: 996)	–	–	–	37.94	19.00
Rising Development Holdings Limited (Stock code: 1004)	–	–	45.17	–	–
(unlisted convertible notes)	–	–	–	–	10.00
G-Resources Group Limited (Stock code: 1051)	–	44.32	–	–	–
Beijing Yu Sheng Tang Pharmaceutical Group Limited (Stock code: 1141)	–	12.71	53.97	48.94	15.99

Name of Securities	2008	2009	2010	For the six months ended 30 June 2011	For the period from 1 July 2011 to the Latest Practicable Date
	HK$ million	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*
Dragonite International Limited (Stock code: 329)	–	–	–	10.84	10.66
Tack Fiori International Group Limited (Stock code: 928)	–	–	–	–	21.07
Kingston Financial Group Limited (Stock code: 1031)	–	–	–	–	21.67
Renhe Commercial Holdings Company Limited (Stock code: 1387)	–	26.17	–	–	–
China Public Healthcare (Holding) Limited (Stock code: 8116)	–	32.82	–	–	–
Inno-Tech Holdings Limited (Stock code: 8202)	–	–	–	10.37	–
Hong Kong Life Group Holdings Limited (unlisted convertible notes)	–	–	–	40.00	–

(C) Top-ten loss investments in 2008, 2009, 2010, the six months ended 30 June 2011 and the period from 1 July 2011 to the Latest Practicable Date

The top-ten loss investments of the Company for the years ended 31 December 2008, 2009, 2010 and the six months ended 30 June 2011 are set out below:

Year 2008			In HK$ million	
Stock code	Company	Realised loss	Unrealised loss	Total loss
263	China Yunnan Tin Mineral Group Limited	(67.3)	(2.3)	(69.6)
273	Willie International Holdings Limited	(24.1)	(40.0)	(64.1)
136	Mascotte Holdings Limited	(30.4)	(21.5)	(51.9)
412	Heritage International Holdings Limited	(22.3)	(26.8)	(49.1)
885	Forefront Group Limited	–	(33.9)	(33.9)
279	Freeman Financial Corporation Limited	(29.1)	(1.6)	(30.7)
75	Y.T. Realty Group Limited	(20.2)	(2.5)	(22.7)
913	Unity Investments Holdings Limited	(7.6)	(12.5)	(20.1)
985	China Sci-Tech Holdings Limited	(11.7)	(8.4)	(20.1)
1141	Poly Development Holdings Limited	–	(9.5)	(9.5)

Year 2009			In HK$ million	
Stock code	Company	Realised loss	Unrealised loss	Total loss
885	Forefront Group Limited	(7.7)	(0.4)	(8.1)
136	Mascotte Holdings Limited	(7.0)	(0.4)	(7.4)
985	China Sci-Tech Holdings Limited	–	(4.8)	(4.8)
279	Freeman Corporation Limited	(4.3)	0.6	(3.7)
8116	China Public Healthcare (Holding) Limited	–	(2.1)	(2.1)
275	Hanny Holdings Limited	–	(1.9)	(1.9)
674	Culture Landmark Investment Limited	–	(1.7)	(1.7)
1041	China New Energy Power Group Limited	(1.3)	(0.0)	(1.3)
913	Unity Investments Holdings Limited	(1.1)	–	(1.1)
75	Y.T. Realty Group Limited	(0.8)	–	(0.8)

Year 2010			In HK$ million	
Stock code	Company	Realised loss	Unrealised loss	Total loss
885	Forefront Group Limited	(13.3)	(3.1)	(16.4)
8116	China Public Healthcare (Holding) Limited	(0.7)	(14.6)	(15.4)
235	China Strategic Holdings Limited	(0.6)	(10.2)	(10.8)
412	Heritage International Holdings Limited	(1.9)	(5.2)	(7.1)
8153	Code Agriculture (Holdings) Limited	–	(6.5)	(6.5)
913	Unity Investments Holdings Limited	(4.7)	(0.6)	(5.3)
273	Willie International Holdings Limited	(0.4)	(4.5)	(5.0)
263	China Yunnan Tin Minerals Group Company Limited	–	(4.9)	(4.9)
136	Mascotte Holdings Limited	(4.8)	0.1	(4.7)
985	CST Mining Group Limited	(1.6)	(1.2)	(2.8)

Jan – June 2011			In HK$ million	
Stock code	Company	Realised loss	Unrealised loss	Total loss
1141	Beijing Yu Sheng Tang Pharmaceutical Group Limited	(22.8)	–	(22.8)
273	Willie International Holdings Limited	(14.5)	–	(14.5)
209	China Tycoon Beverage Holdings Ltd	–	(13.2)	(13.2)
996	Oriental Ginza Holdings Limited	(11.6)	–	(11.6)
1004	Rising Development Holdings Limited	–	(8.7)	(8.7)
263	China Yunnan Tin Minerals Group Company Limited	(7.4)	–	(7.4)
8202	Inno-Tech Holdings Limited	(5.1)	(2.0)	(7.2)
329	Dragonite International Limited	(0.8)	(4.7)	(5.5)
1063	Suncorp Technologies Ltd	–	(3.3)	(3.3)
235	China Strategic Holdings Limited	–	(3.2)	(3.2)

The top-ten loss investments of the Company for the period from 1 July 2011 to the Latest Practicable Date are set out below:

Stock code	Company	Realised gain/(loss)	Unrealised gain/(loss)	Total loss
1004	Rising Development Holdings Limited	(0.1)	(16.1)	(16.2)
	Rising Development Holdings Limited (Unlisted convertible notes)	(1.0)	0.4	(0.6)
412	Heritage International Holdings Limited *(Note 1)*	1.4	(15.1)	(13.7)
329	Dragonite International Limited	(10.4)	0.2	(10.2)
273	Willie International Holdings Limited	(7.3)	(2.7)	(10.0)
1041	China New Energy Power Group Limited (Unlisted convertible notes)	–	(9.1)	(9.1)
928	Tack Fiori International Group Limited	(8.77)	–	(8.77)
1141	Beijing Yu Sheng Tang Pharmaceutical Group Limited	–	(7.6)	(7.6)
1031	Kingston Financial Group Limited	–	(6.4)	(6.4)
209	China Tycoon Beverage Holdings Limited	–	(3.6)	(3.6)
8153	Code Agriculture (Holdings) Limited	–	(3.5)	(3.5)

Note 1: The total loss included a realised profit of approximately HK$3 million from the disposal of the nil-paid rights shares of Heritage International Holdings Limited on 7 October 2011.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The details of the financial assets at fair value through profit or loss of the Group as at 31 December 2010 are as follows:

		HK$
(A)	Equity investment listed in Hong Kong	248,096,366
	listed overseas	3,767,273
	Unlisted equity investment *(Note 1)*	28,200,000
	Impairment loss	(26,700,000)
		1,500,000
		253,363,639
(B)	Unlisted debt investment *(Note 2)*	15,500,000
	Unrealised gain, net	4,540,785
		20,040,785

Notes:

(1) Investment cost of HK$28,200,000 in Hennabun Capital Group Limited ("Hennabun"), against which impairment loss of HK$26,700,000 had been provided based on the estimated recoverable amount of the investments. Such estimated recoverable amount has been assessed by the Directors with reference to the decline in fair value below cost. Judgement is required when determining whether there is a decline in fair value. In making this judgement, the financial information of Hennabun was taken into account. Hennabun is a private company and is principally engaged in investment holding and its subsidiaries are engaged in securities trading, investment holding and provision for brokerage and financial services.

(2) Unlisted debt investment includes three convertible notes: (a) Rise Development Holdings Limited ("Rise Development"); (b) Fulbond Holdings Limited ("Fulbond"); and (c) ABC Communication (Holdings) Limited ("ABC Communication") and the details are as follows:

(a) The Group acquired unlisted zero coupon convertible notes issued by Rise Development amounting to HK$4,800,000. The Directors assessed the fair value of the convertible notes based on the number of equity shares which can be derived by conversion with reference to the market value per share of Rise Development as at 31 December 2010. An unrealised gain of HK$980,785 was made.

(b) The Group acquired unlisted zero coupon convertible notes issued by Fulbond amounting to HK$5,000,000. The Directors assessed the fair value of the convertible notes based on the number of equity shares which can be derived by conversion with reference to the market value per share of Fulbond as at 31 December 2010. An unrealised gain of HK$5,000,000 was made.

(c) The Group acquired unlisted 4% convertible notes issued by ABC Communication amounting to HK$5,700,000. The Directors assessed the fair value of the convertible notes based on the number of equity shares which can be derived by conversion with reference to the market value per share of ABC Communication as at 31 December 2010. An unrealised loss of HK$1,440,000 was made.

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 issuer. 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. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date and immediately following completion of the Rights Issue and full exercise of the subscription rights attached to the Bonus Warrants was and will be as follows (assuming there shall be no further issue of new Shares or repurchase of Shares on or before the Record Date and before the Capital Reorganisation becoming effective):

As at the Latest Practicable Date:

Number of Shares		**Nominal Value**
Authorised		*HK$*
10,000,000,000	Shares of HK$0.10 each	1,000,000,000.00
Issued and fully-paid:		
214,664,076	Shares in issue as at the Latest Practicable Date	21,466,407.60
858,656,304	Rights Shares to be issued pursuant to the Rights Issue	85,865,630.40
1,073,320,380	Shares in issue immediately after completion of the Rights Issue	107,332,038.00

Upon the Capital Reorganisation becoming effective:

Number of Shares		**Nominal Value**
Authorised		*HK$*
100,000,000,000	Adjusted Shares of HK$0.01 each	1,000,000,000.00
Issued and fully-paid:		
1,073,320,380	Adjusted Shares of HK$0.01 each	10,733,203.80
214,664,076	Bonus Warrant Shares to be issued upon full exercise of the subscription rights attached to the Bonus Warrants	2,146,640.76
1,287,984,456	Shares in issue immediately after completion of the Rights Issue and full exercise of the subscription rights attached to the Bonus Warrants	12,879,844.56

The Rights Shares and the Bonus Warrant Shares will be allotted and issued free from all claims, charges, liens and encumbrances and equities whatsoever and, when fully paid, will rank pari passu in all respects with the Shares or Adjusted Shares in issue as at the date of allotment.

No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, the Company has no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

Save pursuant to the Share Options Scheme, as at the Latest Practicable Date, none of the capital of any member of the Group was under option, or agreed conditionally or unconditionally to be put under option.

As at the Latest Practicable Date, there were no arrangements under which future dividends are waived or agreed to be waived.

3. DISCLOSURE OF INTERESTS BY DIRECTORS

As at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests and short positions of 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.

4. INTERESTS OF SUBSTANTIAL SHAREHOLDERS

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:

Name	Number of Shares (long position)	Capacity	Percentage of total issued share capital as at the Latest Practicable Date
Chan Chak Kai Kenneth	25,000,000	Beneficial Owner	11.65%
Mascotte Holdings Limited	10,840,000	Beneficial Owner	5.05%

Note: Mascotte Holdings Limited is a company listed on the Main Board of the Stock Exchange

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.

5. DIRECTORS' INTERESTS IN ASSETS/CONTRACTS AND OTHER INTERESTS

(a) As at the Latest Practicable Date, none of the Directors has, or has had, any direct or indirect interest in any assets which have been acquired, disposed of or leased to or which are proposed to be acquired, disposed of or leased to the Company or any of its subsidiaries, respectively, since 31 December 2010, the date to which the latest published audited financial statements of the Group were made up.

(b) There is no contract or arrangement entered into by any member of the Group, subsisting as at the Latest Practicable Date in which any of the Directors is materially interested and which is significant in relation to the business of the Group as a whole.

6. RELATIONSHIPS BETWEEN THE COMPANY AND ITS MAJOR INVESTMENTS, ITS SUBSTANTIAL SHAREHOLDERS AND THE DIRECTORS

Set out below are the current Directors' shareholding, during their period of appointment, in its major (top-ten bought) investments as at three years ended 31 December 2010 and the Latest Practicable Date:

Mr. Chung Yuk Lun, an executive Director, was interested in 3,200,000 shares in capital of Mascotte Holdings Limited as at the Latest Practicable Date, representing approximately 0.07% of the issued share capital of Mascotte Holdings Limited.

Mr. Koji Shimazaki, an executive Director, was interested in 24,000 shares in the capital of Willie International Holdings Limited as at 31 December 2008, 2009, 2010 and the Latest Pracitcable Date, representing approximately 0.03%, 0.02%, 0.008% and 0.003% of the issued share capital of Willie International Holdings Limited respectively. Mr. Koji was also interested in 2,000,000 shares in the capital of Mascotte Holdings Limited as at 31 December 2010, representing approximately 0.11% of the issued share capital of Mascotte Holdings Limited; 557,272 shares in the capital of Freeman Financial Corporation Limited as at 31 December 2010, representing approximately 0.02% of the issued share capital of Freeman Financial Corporation Limited and 19,150,000 shares in the capital of Forefront Group Limited as at the Latest Pracitcable Date, representing approximately 0.52% of the issued share capital of Forefront Group Limited.

Mr. Cheung Wing Ping, an executive Director who was appointed on 30 June 2011, was interested in 9,430,000 shares in capital of Forefront Group Limited as at Latest Practicable Date, representing approximately 0.26% of the issued share capital of Forefront Group Limited.

Set out below are the former Directors' shareholding, during their period of appointment, in its major (top-ten bought) investments as at the three years ended 31 December 2010 and the Latest Practicable Date:

Ms. Choi Ka Nam, a former executive Director who was appointed on 7 January 2011 and resigned on 30 June 2011, was interested in 5,146,000 shares in the capital of Mascotte Holdings Limited as at 30 June 2011 (date of resignation), representing approximately 0.22% of the issued share capital of Mascotte Holdings Limited; 10,240,000 shares in the capital of Forefront Group Limited as at 30 June 2011, representing approximately 0.28% of the issued share capital of Forefront Group Limited; and 18,000,000 shares in the capital of Hong Kong Life Group Holdings Limited as at 30 June 3011, representing approximately 0.84% of the issued share capital of Hong Kong Life Group Holdings Limited.

Mr. Miu H. Frank, a former executive director from 3 March 2009 to 28 December 2009 and from 30 June 2011 to 31 July 2011, was interested in 520,000 shares in the capital of Willie International Holdings Limited as at 28 December 2009 (date of resignation), representing approximately 0.09% of the issued share capital of Willie International Holdings Limited; the convertible note of Forefront Group Limited in the principle amount of HK$5.5 million as at 28 December 2009.

Mr. Gary Drew Douglas, a former independent non-executive Director who was appointed on 30 June 2011 and resigned on 20 October 2011, was interested in 3,920,000 shares in the capital of Beijing Yu Sheng Tang Pharmaceutical Group Limited as at 20 October 2011 (date of resignation), representing approximately 0.10% of the issued share capital of Beijing Yu Sheng Tang Pharmaceutical Group Limited; and 36,089,218 shares in the capital of Forefront Group Limited as at 20 October 2011, representing approximately 0.99% of the issued share capital of Forefront Group Limited.

Mr. Lam Suk Ping, a former independent non-executive Director who was appointed on 30 June 2011 and resigned on 20 October 2011, was interested in 3,250,000 shares in the capital of Mascotte Holdings Limited as at 20 October 2011 (date of resignation), representing approximately 0.07% of the issued share capital of Mascotte Holdings Limited.

Mr. Yau Chung Hong, a former independent non-executive Director who was appointed on 30 June 2011 and resigned on 16 December 2011, was interested in 100,000 shares in the capital of Longlife Group Holdings Limited as at 16 December 2011 (date of resignation), representing approximately 0.01% of the issued share capital of Longlife Group Holdings Limited.

The securities of Forefront Group Limited, Mascotte Holdings Limited, Bao Yuan Holdings Limited, Willie International Holdings Limited, Longlife Group Holdings Limited, Freeman Financial Corporation Limited, Hong Kong Life Group Holdings Limited and Beijing Yu Sheng Tang Pharmaceutical Group Limited were among the top-ten bought investments by the Company for the three years ended 31 December 2010 and the Latest Practicable Date. Save as disclosed herein, to the best of knowledge of the Directors, there was no common shareholdings between the Company and its current and former Directors as at three years ended 31 December 2010 and the Latest Practicable Date.

Further, Mr. Chung Yuk Lun, an executive Director, is and has been an independent non-executive director of both Heritage International Holdings Limited and Forefront Group Limited for the three years ended 31 December 2010 and up to the Latest Practicable Date. He is also and has been an independent non-executive director of Dragonite International Limited since 14 April 2010 and up to the Latest Practicable Date. Mr. Cheung Wing Ping, an executive Director, is an independent non-executive director of Willie International Holdings Limited. Ms. Lam Yan Fong, Flora, an independent non-executive Director, is an independent non-executive director of Forefront Group Limited and Tack Fiori International Group Limited (formerly known as Tack Fat Group International Limited). Mr. Miu H. Frank, a former executive director, is an independent non-executive director of Mascotte Holdings Limited since 28 December 2009 to the Latest Practicable Date, Willie International Holdings Limited since 1 June 2011 to the Latest Practicable Date, Tack Fiori International Group Limited since 15 August 2011 to the Latest Practicable Date and Freeman Financial Corporation Limited since 15 December 2011 to the Latest Practicable, and was a former an executive director of Dragonite International Limited from April 2010 to May 2010 and a former non-executive director of Dragonite International Limited from May 2010 to July 2011.

Mr. Liu On Bong, Peter, a former executive director, is an executive director of Tack Fiori International Group Limited since 11 August 2011 and up to the Latest Practicable Date.

Mr. Gary Drew Douglas, a former independent non-executive director, is an independent non-executive director of Freeman Financial Corporation Limited since 10 February 2006 to the Latest Practicable Date and Willie International Holdings Limited since 1 June 2011 to the Latest Practicable Date respectively. Mr. Douglas was appointed an executive director of Tack Fiori International Group Limited (Formerly known as Tack Fat Group International Limited) on 24 June 2008 and resigned on 12 September 2008.

Mr. Lam Suk Ping, a former independent non-executive director, is an executive director of Dragonite International Limited since 1 June 2011 and up to the Latest Practicable Date, and was an former executive director of Mascotte Holdings Limited from 7 April 2008 to 27 April 2011.

Each of Heritage International Holdings Limited, Forefront Group Limited, Willie International Holdings Limited, Freeman Financial Corporation Limited, Dragonite International Limited and Tack Fiori International Group Limited were among the top-ten bought securities invested by the Company for the three years ended 31 December 2010 and up to the Latest Practicable Date. Save as disclosed in this section of this circular, none of the Directors is or has been a director of any company, the securities of which were one of the top-ten securities bought by the Company for the three years ended 31 December 2010 and up to the Latest Practicable Date. Save as disclosed herein, to the best of knowledge of the Directors, there was no cross-shareholdings between the Company and its major (top-ten bought) investments for the three years ended 31 December 2010 and the Latest Practicable Date.

7. RELATIONSHIP BETWEEN THE COMPANY AND ITS INVESTMENT MANAGER

To the best knowledge of the Directors, there was no common investments made by the Company and the Investment Manager, nor any common directorships between the Company and the Investment Manager; and between the Investment Manager and the Company's major (top-ten bought) investments for the three years ended 31 December 2010 and up to the Latest Practicable Date except that Mr. Chung Yuk Lun, an executive Director, and Mr. Pak William Eui Won, a director of the Investment Manager, are both independent non-executive directors of Forefront Group Limited.

8. EXPERTS

The following are the qualifications of the experts who have given opinions or advice, which are contained in this circular:

Name	Qualification
Grand Vinco Capital Limited	a licensed corporation to carry out business in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
HLM & Co. ("HLM")	Certified Public Accountants

As at the Latest Practicable Date, none of the above experts had any direct or indirect shareholdings in any member of the Group, or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for shares in any member of the Group, or any interests, directly or indirectly, in any assets which have been acquired, disposed of or leased to or which are proposed to be acquired, disposed of or leased to the Company or any of its subsidiaries, respectively, since 31 December 2010, the date to which the latest published audited financial statements of the Group were made up.

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion therein of its reports and references to its name in the form and context in which they appear.

9. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any service contracts with the Company or any other member of the Group (excluding contracts expiring or which may be terminated by the Company within a year without payment of any compensation (other than statutory compensation)).

10. LITIGATION

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

11. MATERIAL CONTRACTS

The following contracts have been entered into by the Group (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the Latest Practicable Date and are or may be material:

(i) the underwriting agreement dated 9 June 2010 entered into between the Company and Get Nice Securities Limited regarding the rights issue of the Company on the basis of four rights shares for every share held on the record date;

(ii) a subscription agreement dated 16 August 2010 entered into between the Company and Au Wai June regarding the subscription of 50,234,378 new Shares of HK$0.10 per Share by Au Wai June;

(iii) the underwriting agreement dated 8 April 2011 between the Company, the Underwriter, Kingston Securities Limited and Emperor Securities Limited in relation to the rights issue of the Company on the basis of four rights Shares for every Share held on the record date;

(iv) the underwriting agreement dated 28 June 2011 between the Company, the Underwriter, Get Nice Securities Limited in relation to the rights issue of the Company on the basis of one rights shares for every two Shares held on record date; and

(v) the Underwriting Agreement.

12. CORPORATE INFORMATION

Registered office of the Company	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Head office and Principal place of business in Hong Kong	Room 2201, 22/F China United Centre 28 Marble Road North Point, Hong Kong
Hong Kong branch share registrar and transfer office of the Company in Hong Kong	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Authorised representatives	Chung Yuk Lun/Tong So Yuet Rooms 2201, 22/F China United Centre 28 Marble Road North Point, Hong Kong

Company secretary	Tong So Yuet, *HKICPA, FCCA, ACIS, ACS* Rooms 2201, 22/F China United Centre 28 Marble Road North Point, Hong Kong
Legal advisers to the Company in relation to the Rights Issue and Capital Reorganisation	*(As to Hong Kong Law)* Shum & Co. Solicitors Room 2801-03, 28th Floor China United Centre 28 Marble Road North Point, Hong Kong *(As to Cayman Islands Law)* Conyers Dill & Pearman Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Auditors	HLM & Co. Certified Public Accountants Room 305 Arion Commercial Centre 2-12 Queen's Road West Hong Kong
Principal banker	Standard Chartered Bank 15th Floor, Standard Chartered Tower 388 Kwun Tong Road Kwun Tong Hong Kong

Particulars of directors

Name	**Address**
Executive Directors	
Mr. Chung Yuk Lun *(Chairman)*	Rooms 2201, 22/F China United Centre 28 Marble Road North Point, Hong Kong
Mr. Shimazaki Koji *(Chief Executive Officer)*	Rooms 2201, 22/F China United Centre 28 Marble Road North Point, Hong Kong
Mr. Sam Nickolas David Hing Cheong	Rooms 2201, 22/F China United Centre 28 Marble Road North Point, Hong Kong
Mr. Cheung Wing Ping	Rooms 2201, 22/F China United Centre 28 Marble Road North Point, Hong Kong
Independent Non-executive Directors	
Mr. Lum Pak Sum	2605, Universal Trade Centre 3 Arbuthnot Road, Central Hong Kong
Ms. Lam Yan Fong, Flora	Room A, 19/F Harbour Commercial Building, 122-124 Connaught Road Central Hong Kong
Ms. Ng Yin Ling, Elaine	Flat A, 2/F Hatton Place 1A Po Shan Road, Mid-Levels Hong Kong

Executive Directors

Mr. CHUNG Yuk Lun, aged 51, has been an executive Director and Chairman of the Company since 25 April 2002 and 16 October 2002 respectively. He is a fellow member of the Association of Chartered Certified Accountants, an associate member of the Hong Kong Institute of Certified Public Accountants and an Associate Chartered Accountant (England and Wales). Mr. Chung has over 20 years' experience in finance and project investment. He is currently an executive director of Ming Fung Jewellery Group Limited and an independent non-executive director of Heritage International Holdings Limited, Forefront Group Limited and Dragonite International Limited, all of which are companies listed on the Stock Exchange.

Mr. SHIMAZAKI Koji, aged 41, was appointed as an independent non-executive Director of the Company on 24 February 2004. Mr. Koji was re-designated as an executive Director and the Chief Executive Officer of the Company on 9 May 2005 and 30 April 2008 respectively. He holds a Bachelor of Science degree in Engineering and a Master degree in Electronic Engineering from Kanagawa University in Yokohama, Japan. He has over 10 years of experience in web developing and programming, production and quality control engineering.

Mr. SAM Nickolas David Hing Cheong, aged 29, has been an executive Director of the Company since 30 June 2011. Mr. Sam holds a Bachelor of Laws with Honours and a Bachelor of Arts from the University of Waikato, New Zealand. Mr. Sam is admitted as a Barrister and Solicitor of the High Court of New Zealand and is a member of the Law Society of New Zealand. Mr. Sam was previously a lawyer at Ogier, a leading international offshore law firm, where he specialised in corporate advisory matters, mergers and acquisitions, and the formation and representation of investment funds, including hedge funds and private equity funds. Prior to joining Ogier, Mr. Sam practiced commercial law in New Zealand, and before that worked as an Advisor within the Regulatory Group of Land Information New Zealand, a government department in New Zealand.

Mr. CHEUNG Wing Ping, aged 44, has been an executive Director of the Company since 30 June 2011. Mr. Cheung has over 20 years of experience in auditing and accounting fields. He holds a bachelor's degree in accountancy with honours from the City University of Hong Kong and is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. From July 2006 to December 2008, Mr. Cheung was an independent non-executive director of Grand T G Gold Holdings Limited, a company listed on GEM board of the Stock Exchange. Mr. Cheung is currently an independent non-executive director of Willie International Holdings Limited, a company listed on the Stock Exchange.

Mr. LUM Pak Sum, aged 50, has been an independent non-executive Director of the Company since 27 May 2010. Mr. Lum holds a master degree in business administration from the University of Warwick, United Kingdom and a LLB (Honours) degree from the University of Wolverhampton, United Kingdom. He is currently a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants, United Kingdom. Mr. Lum has over 20 years' experience in the financial field, currency markets and capital markets. Mr. Lum was an independent non-executive director of the following companies listed on the Stock Exchange, namely, Grand Field Group Holdings Limited from July 2004 to May 2008, China Star Film Group Limited from September 2005 to December 2008, Heng Xin China Holdings Limited for the period from June 2007 to November 2008 and Energy International Investments Holdings Limited from September 2005 to June 2011. Currently, he is an independent non-executive director of the following companies listed on the Stock Exchange, namely, Waytung Global Group Limited, Bestway International Holdings Limited, Karce International Holdings Company Limited and Asia Resources Holdings Limited. He is also an independent director of Asia Green Agriculture Corporation, a company trading on the Over-the-Counter Bulletin Board in the US.

Ms. LAM Yan Fong, Flora, aged 36, has been an independent non-executive Director of the Company since 30 October 2011. Ms. Lam is a practicing lawyer in Hong Kong. Ms. Lam obtained a Bachelor degree in Laws from the University of Hong Kong and further obtained a Postgraduate Certificate in Laws in 2001. Ms. Lam joined Messrs. Lam & Co. in 2007 and is a partner of that firm. Ms. Lam is currently also an independent non-executive director of Forefront Group Limited (stock code: 885) and Tack Fat Group International Limited (stock code: 928), both companies are listed on the Stock Exchange.

Ms. NG Yin Ling, Elaine, aged 37, has been an independent non-executive Director of the Company since 30 October 2011. Ms. Ng received her Bachelor of Arts degree in Business Administration from the University of Ottawa in 2002, and obtained a Master of Law (International Business Law) from the City University of Hong Kong in 2003. Ms. Ng is currently completing a Juris Doctor degree at the City University of Hong Kong. Ms. Ng's work experience includes a teaching post at the City University of Hong Kong for the Diploma in Facility Management of Business Management from 2005 to 2007. From 2004 to 2005 she was a senior manager at the Hong Kong Productivity Council where she was in charge of business collaboration and partnership development. From 2002 to 2004, she held a position as an executive officer and external relations officer at the City University of Hong Kong where she was also in charge of business collaboration and partnership development. Previously, she held senior managerial sales roles at GE ECXpress (HK) Limited, Parametric Technology Corporation (HK) Limited, Unigraphics Solutions (HK) Limited and System-Pro Computers Limited during the period from 1992 to 2002.

13. MISCELLANEOUS

The English texts of this circular and the accompanying form of proxy shall prevail over their Chinese texts in case of inconsistencies.

14. EXPENSES

The expenses in connection with the Rights Issue, including the Commission Payment, printing, registration, translation, legal and accounting fees, are estimated to be approximately HK$5.96 million on the basis of 858,656,304 Rights Shares to be issued (assuming there shall be no further issue of new Shares or repurchase of Shares on or before the Record Date) and will be payable by the Company.

15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at Room 2201, 22/F, China United Centre, 28 Marble Road, North Point, Hong Kong from the date of this circular up to and including the date of the EGM:

(a) the Memorandum and the Articles;

(b) the annual reports of the Company for the three years ended 31 December 2008, 31 December 2009 and 31 December 2010;

(c) the interim report of the Company for the six months ended 30 June 2011;

(d) the letter of advice from Vinco Capital, the full text of which is set out on pages 70 to 138 of this circular;

(e) the letter from the Independent Board Committee, the full text of which is set out on page 69 of this circular;

(f) the letter on the unaudited pro forma financial information of the Group issued by HLM & Co. which is set out in appendix II to this circular;

(g) the material contracts disclosed in the paragraph under the heading “Material Contracts” in this appendix; and

(h) the written consents referred to in the paragraph under the heading “Experts” in this appendix.

RADFORD CAPITAL INVESTMENT LIMITED
萊福資本投資有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 901)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Radford Capital Investment Limited 萊福資本投資有限公司 (the "Company") will be held at 30/F, China United Centre, 28 Marble Road, North Point, Hong Kong at 9:00 a.m. on Monday, 13 February 2012 (the "Meeting") for the purpose of considering and, if thought fit, passing, with or without modification, the following resolutions:

ORDINARY RESOLUTIONS

1. "**THAT** subject to the fulfillment of the conditions set out in the underwriting agreement dated 7 November 2011 (the "Underwriting Agreement") in respect of the proposed rights issue by the Company and entered into between the Company and Freeman Securities Limited (the "Underwriter") (a copy of the Underwriting Agreement has been produced to the Meeting marked "A" and signed by the chairman of the Meeting (the "Chairman") for the purpose of identification):

   (a) the allotment and issue by way of a rights issue (the "Rights Issue") of 858,656,304 Shares (the "Rights Shares") to the shareholders whose names appear on the register of members of the Company (the "Shareholders") as of close of business on 23 February 2012 (or such other date as the Underwriter may agree in writing with the Company) (the "Record Date") other than those shareholders with registered addresses outside Hong Kong (the "Overseas Shareholders") and the directors of the Company (the "Directors"), after making relevant enquiry, considers their exclusion from the Rights Issue to be necessary or expedient on account of either the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, on the basis of four Rights Shares for every existing share of the Company then held at the subscription price of HK$0.15 per Rights Share with Bonus Warrants (as defined in the ordinary resolution numbered 2 ("Resolution 2") set out in the notice of extraordinary general meeting of which this resolution forms part) to be issued on the basis of one Bonus Warrant (as defined in Resolution 2) for every four Rights Shares subscribed and on the terms and conditions as set out in the Underwriting Agreement and the circular dated 20 January 2012 dispatched to the Shareholders containing the notice convening the Meeting (the "Circular"), a copy of the Circular has been produced to the Meeting marked "B" and signed by the Chairman for the purpose of identification, be and is hereby approved;

(b) the Directors be and are hereby authorised to allot and issue the Rights Shares pursuant to or in connection with the Rights Issue notwithstanding that the same may be offered, allotted or issued otherwise than pro rata to the existing shareholdings of the Shareholders and, in particular, the Directors may make such exclusions or other arrangements in relation to Overseas Shareholders as they deem necessary or expedient having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong, and to do all such acts and things as they consider necessary, desirable or expedient to give effect to any or all other transactions contemplated in this resolution;

(c) the Directors be and are hereby authorised to do all acts and things in connection with the allotment and issue of the Rights Shares, the implementation of the Rights Issue and the Underwriting Agreement, the exercise or enforcement of any of the Company's rights under the Underwriting Agreement and to make and agree such variations of the terms of the Underwriting Agreement as they may in their discretion consider to be appropriate and in the interests of the Company; and

2. "**THAT** subject to the passing of the ordinary resolution numbered 1 set out in the notice of extraordinary general meeting (the "Notice of Meeting") of which this resolution forms part, and upon the Capital Reorganisation (as defined in the special resolution numbered 3 (the "Special Resolution") set out in the Notice of Meeting) becoming effective and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting or agreeing to grant (subject to allotment) the listing of, and permission to deal in, the Bonus Warrants and any new Adjusted Shares (as defined in the Special Resolution) which may be issued upon the exercise of the subscription rights attaching to the Bonus Warrants, the Directors be and are hereby authorised:

(a) to create and issue warrants (the "Bonus Warrants"), which shall be in registered form and exercisable in whole or in part at any time within a period of 24 months from the date of issue of the Bonus Warrants, to subscribe for new Adjusted Shares at the exercise price of HK$0.05 per Adjusted Share (subject to adjustments) and otherwise on the terms and subject to the conditions set out in the warrant instrument (the "Warrant Instrument"), a copy of which has been produced to the Meeting marked "C" and signed by the Chairman for the purpose of identification, by way of a bonus to the successful applicants of the Rights Shares under the Rights Issue and so that the Bonus Warrants shall confer on the holders thereof the right to subscribe for new Adjusted Shares at the exercise price of HK$0.05 per Adjusted Share for each Bonus Warrant;

(b) to affix the common seal of the Company to and to sign the Warrant Instrument in accordance with the articles of association of the Company (the "Articles"); and

(c) to allot and issue the Bonus Warrants and the new Adjusted Shares which may fall to be issued upon the exercise of the subscription rights attaching to the Bonus Warrants or any of them."

SPECIAL RESOLUTION

3. "**THAT** conditional upon (a) the approval of the Capital Reduction (as defined below) by the Grand Court of the Cayman Islands (the "Court"); (b) registration by the Registrar of Companies of the Cayman Islands of the order of the Court confirming the Capital Reduction and the minute approved by the Court containing the particulars required under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands in respect of the Capital Reduction and compliance with any conditions as may be imposed by the Court in relation to the Capital Reduction; and (c) the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the Adjusted Shares in issue, upon the date on which the Capital Reduction becomes effective (the "Effective Date"):

(a) the nominal value of each issued share of the Company (the "Shares") be reduced from HK$0.10 each to HK$0.01 each (the "Adjusted Share(s)") by cancelling HK$0.09 paid up capital on each issued Share by way of a reduction of capital (the "Capital Reduction") and any liability of the holders of such shares to make any further contribution to the capital of the Company on each such share shall be treated as satisfied and that the amount of the issued capital hereby cancelled be made available for the issue of new shares of the Company so that the authorised capital of the Company of HK$1,000,000,000 shall remain unchanged on the Effective Date;

(b) the credit arising from the Capital Reduction be applied to set off the accumulated losses of the Company and the balance (if any) will be transferred to a distributable reserve account of the Company where it may be utilised by the Directors as distributable reserve in accordance with the articles of association of the Company and all applicable laws (the "Adjustment Proposal");

(c) immediately following the Capital Reduction above, every Share of HK$0.10 each in the authorised but unissued share capital of the Company be subdivided into ten Adjusted Shares of HK$0.01 each (the "Share Subdivision");

(d) all of the Adjusted Shares resulting from the Capital Reduction and the Share Subdivision shall rank pari passu in all respects and have the rights and privileges and be subject to the restrictions contained in the articles of association of the Company; and

(e) the Directors be and are hereby authorised generally to do all such acts, deeds and things as they shall, in their absolute discretion, deem appropriate to effect and implement the Capital Reorganisation.

For the purpose of this resolution, "Capital Reorganisation" shall mean the steps as set out in the above paragraphs (a), (b) and (c) collectively."

By order of the Board
Radford Capital Investment Limited
萊福資本投資有限公司
Chung Yuk Lun
Chairman

Hong Kong, 20 January 2012

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 more than one proxy to attend on the same occasion.

(3) The instrument appointing a proxy must be in writing under the hand of the appointor or of his attorney duly 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 deposited at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 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, 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/she was solely entitled thereto but if more than one of such joint registered 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 registered holders stand on the register of members of the Company in respect of the relevant joint holding.