THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of these Offers, this Composite Document or as to the action(s) to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your securities in Radford Capital Investment Limited 萊福資本投資有限公司, you should at once hand this Composite Document and the accompanying Form(s) of Acceptance, to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s). This Composite Document should be read in conjunction with the accompanying Form(s) of Acceptance, the contents of which form part of the terms and Offer Conditions contained herein.

EAGLE RIDE INVESTMENTS LIMITED
(Incorporated in the British Virgin Islands with limited liability)

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)
(Warrant Code: 1307)

COMPOSITE OFFER AND RESPONSE DOCUMENT RELATING TO

CONDITIONAL VOLUNTARY CASH OFFERS BY DELOITTE & TOUCHE CORPORATE FINANCE LIMITED FOR AND ON BEHALF OF EAGLE RIDE INVESTMENTS LIMITED TO ACQUIRE ALL THE ISSUED SHARES IN THE ISSUED SHARE CAPITAL OF, AND TO CANCEL ALL THE OUTSTANDING WARRANTS OF RADFORD CAPITAL INVESTMENT LIMITED (OTHER THAN THOSE ACQUIRED OR AGREED TO BE ACQUIRED BY EAGLE RIDE INVESTMENTS LIMITED OR PARTIES ACTING IN CONCERT WITH IT)

Financial adviser to the Offeror

Deloitte.
德勤

Deloitte & Touche Corporate Finance Limited

Financial adviser to the Company

ASIAN CAPITAL
(CORPORATE FINANCE) LIMITED
卓亞(企業融資)有限公司

Asian Capital (Corporate Finance) Limited

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

Investec

Capitalised terms used on this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Composite Document.

A letter from DTCFL is set out on pages 11 to 26 of this Composite Document. A letter from the Board is set out on pages 27 to 32 of this Composite Document. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders and the Warrantholders in respect of the Offers is set out on pages 33 to 34 of this Composite Document. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee, the Independent Shareholders and the Warrantholders in respect of the terms of the Offers is set out on pages 35 to 54 of this Composite Document.

The procedures for acceptance of the Offers and other related information are set out in Appendix I to this Composite Document and in the accompanying Form(s) of Acceptance. Acceptances of the Share Offer and the Warrant Offer contained herein should be received by the Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:00 p.m. on Monday, 28 October 2013 or such later time and/or date as the Offeror may determine and announce with the consent of the Executive in accordance with the Takeovers Code.

Any persons including, without limitation, custodians, nominees and trustees who would, or otherwise intend to, forward this Composite Document and/or the Form(s) of Acceptance to any jurisdiction outside Hong Kong should read the details in this regard which are contained in the section headed "General matters relating to the Offers – Availability of the Offers to Overseas Shareholders and Overseas Warrantholders" in the letter from DTCFL contained in this Composite Document and in the section headed "Overseas Shareholders and Overseas Warrantholders" in Appendix I to this Composite Document before taking any action. It is the responsibility of each Overseas Shareholder and Overseas Warrantholder, wishing to accept the Offers to satisfy himself, herself or itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities or legal requirements and the payment of any transfer or other taxes due in respect of such jurisdiction. Overseas Shareholders and Overseas Warrantholders are advised to seek professional advice on deciding whether to accept the Offers.

This Composite Document will remain on the website of the Stock Exchange at http://www.hkex.com.hk/ and the website of the Company at http://www.radfordcap.com as long as the Offers remain open.

7 October 2013

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EXPECTED TIMETABLE

The expected timetable for the relevant events set out below is indicative only and subject to change. Further announcement(s) will be made as and when appropriate.

Despatch Date and the commencement of the Offers *(Note 1)*	Monday, 7 October 2013
First Closing Date *(Note 2)*	Monday, 28 October 2013
Latest time and date for acceptance of the Share Offer and the Warrant Offer on the first Closing Date	no later than 4:00 p.m. on Monday, 28 October 2013
Announcement of the results of the Share Offer and the Warrant Offer and the level of acceptance as at the first Closing Date on the website of the Stock Exchange	no later than 7:00 p.m. on Monday, 28 October 2013
Latest date for posting of remittances for the amounts due in respect of valid acceptance of the Share Offer and the Warrant Offer received by the first Closing Date (assuming the Share Offer and the Warrant Offer have become or are declared unconditional on the first Closing Date) *(Note 3)*	Wednesday, 6 November 2013
Latest time and date for the Offers remaining open for acceptance assuming the Offers have become or are declared unconditional on the first Closing Date *(Note 4)*	4:00 p.m. on Monday, 11 November 2013
Latest date for posting of remittances for the amounts due in respect of valid acceptance received under the Offers at or before 4:00 p.m. on 11 November 2013, being the latest time and date which the Offers remain open for acceptance assuming the Offers have become or are declared unconditional in all respects on the first Closing Date	Wednesday, 20 November 2013
Latest time and date by which the Offers can become or be declared unconditional in all respect *(Note 5)*	7:00 p.m. on Friday, 6 December 2013

Notes:

1. The Offers are made on Monday, 7 October 2013, being the Despatch Date, and acceptance of which is capable on and from that date until the close of the Offer Period. The Offers are conditional upon, among other things, valid acceptances of the Share Offer being received (and not, where permitted, withdrawn) at or before 4:00 p.m. on the Closing Date (or such later time or date as the Offeror may, subject to the Takeovers Code, decide) in respect of the Shares which would result in the Offeror and its Concert Parties holding more than 53.98% of the voting rights of the Company in accordance with the Takeovers Code. Acceptance of the Offers shall be irrevocable and not capable of being withdrawn, except in the circumstances set out in Rule 17 and Rule 19.2 of the Takeovers Code.

   Pursuant to Rule 17 of the Takeovers Code, the accepting Shareholders and the accepting Warrantholders shall be entitled to withdraw their acceptance after 21 days from the first Closing Date which is on Monday, 18 November 2013, if the Offers have not by then become unconditional as to acceptances. This entitlement to withdraw shall be exercisable until such time as the Offers become or are declared unconditional as to acceptances: however, on the 60th day following the posting of this Composite Document (or any date beyond which the Offeror has stated that his Offers will not be extended) the final time for the withdrawal must coincide with the final time for the lodgment of acceptances set out in Rule 15.5 of the Takeovers Code, and this time must not be later than 4:00 p.m..

   Save as aforesaid, acceptances of the Offers by the Shareholders and the Warrantholders shall be irrevocable and cannot be withdrawn except in the circumstances set out in Rule 19.2 of the Takeovers Code. Under Rule 19.2 of the Takeovers Codes, such accepting Shareholders and/or accepting Warrantholders may withdraw his acceptance by lodging a notice in writing signed by him (or his agent duly appointed in writing and evidence of whose appointment is produced together with the notice) to the Registrar. If the Offeror is unable to comply with any of the requirements of making announcements relating to the Offers as described under the paragraph headed "Announcements" in Appendix I to this Composite Document, the Executive may require that the Shareholders and the Warrantholders who have tendered acceptances to the Offers, as the case may be, be granted a right of withdrawal on terms that are acceptable to the Executive until such requirements set out in that paragraph are met.

2. In accordance with the Takeovers Code, the Offers must remain open for acceptance for at least 21 days following the date on which this Composite Document is posted. The Offeror has the right to revise or extend the Offers until such date as it may determine in accordance with the Takeovers Code (or as permitted by the Executive in accordance with the Takeovers Code).

   The Offeror will issue an announcement in relation to any revision or extension of the Offers, which will state the next Closing Date or, if the Offers have become or are at that time unconditional as to acceptances, that the Offers will remain open until further notice. In any event, where the Offers become or are declared unconditional, the Offers will remain open for acceptance for not less than 14 days thereafter in accordance with the Takeovers Code.

3. Subject to the Offers becoming unconditional, remittance in respect of the consideration under the Offers will be posted by ordinary post to the Shareholders and the Warrantholders accepting the Offers at their own risk as soon as possible, but in any event within 7 Business Days following the later of the date on which the Offers become, or are declared, unconditional and the date of receipt by the Registrar of all the relevant documents to render the acceptance under the Offers complete and valid in accordance with the Takeovers Code.

4. In accordance with the Takeovers Code, where the Offers become or are declared unconditional in all respects, the Offers should remain open for acceptance for not less than 14 days thereafter. In such case, at least 14 days' notice in writing must be given before the Offers are closed to the Shareholders and the Warrantholders who have not accepted the Offers. The Offeror has the right, subject to the Takeovers Code, to extend the Offers until such date as it may determine or as permitted by the Executive, in accordance with the Takeovers Code. The Offeror will issue an announcement in relation to any extension of the Offers, which will state the next Closing Date or, if the Offers have become or are at that time unconditional, that the Offers will remain open until further notice.

5. Pursuant to the Takeovers Code, unless with the consent of the Executive, the Offers may not become or be declared unconditional as to acceptance after 7:00 p.m. on the 60th day after the Despatch Date.

Unless otherwise expressly stated, all time and date references contained in this Composite Document refer to Hong Kong time and date.

Effect of bad weather on the latest time for acceptance of the Offers

If there is a tropical cyclone warning signal number eight or above or, a "black" rainstorm warning in force in Hong Kong at any local time:

(i) before 12:00 noon and no longer in force after 12:00 noon on the Closing Date, the latest time and date for acceptance of the Offers will be remained at 4:00 p.m. on the same Business Day; or

(ii) between 12:00 noon and 4:00 p.m. on the Closing Date, the latest time and date for acceptance of the Offers will not take place. Instead the latest time for acceptance will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m..

In this Composite Document, unless the context requires otherwise, the following expressions have the meanings set out below:

"Accounts Date"	31 December 2012
"Acquisition"	the sale and purchase of the Sale Shares contemplated under the SPA
"acting in concert"	has the meaning ascribed to it in the Takeovers Code
"ADM Galleus Fund II Limited"	ADM Galleus Fund II Limited, an exempted company incorporated with limited liability under the laws of the Cayman Islands, is a collective investment fund that is managed or advised by Asia Debt Management Hong Kong Limited and is the holding company of Twelve Dragons Limited
"APAC"	APAC Investment Holdings Limited, a company incorporated on 7 August 2012 in Samoa and beneficially owned as to approximately 89.6% by Mr. Hu and approximately 10.4% by the Investors (whose interests are held on trust by Mr. Hu)
"Announcement"	the joint announcement issued by the Offeror and the Company on 5 September 2013, in relation to the SPA and the Offers
"associate(s)"	has the meaning ascribed to it in the Takeovers Code or the Listing Rules, as the context may require from time to time
"Board"	the board of Directors
"Business Day"	a day on which the Stock Exchange is open for the transactions of business
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"Chung Nam"	HEC Securities Limited (formerly known as Chung Nam Securities Limited), a licensed corporation registered under the SFO to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities as defined in the SFO

"Closing Date"	the first closing date of the Share Offer and the Warrant Offer, being 28 October 2013 or any subsequent closing date as may be announced by the Offeror and approved by the Executive
"Company"	Radford Capital Investment Limited 萊福資本投資有限公司 (stock code: 901), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
"Composite Document"	this composite document jointly issued by or on behalf of the Offeror and the Company to all Shareholders and the Warrantholders in connection with the Offers in accordance with the Takeovers Code containing, among other things, the terms of the Offers and Offer Conditions, the letter of advice from the Independent Financial Adviser to the Independent Board Committee, the Independent Shareholders and the Warrantholders in respect of the terms of the Offers, and the letter of recommendation from the Independent Board Committee to the Independent Shareholders and the Warrantholders in respect of the Offers and accompanied by the Form(s) of Acceptance
"Concert Parties"	the parties acting in concert with the Offeror as determined in accordance with the Takeovers Code, including Mr. Hu, APAC, the Investors, ADM Galleus Fund II Limited and Twelve Dragons Limited
"Despatch Date"	the date of despatch of this Composite Document
"Director(s)"	director(s) of the Company
"DTCFL"	Deloitte & Touche Corporate Finance Limited, a licensed corporation registered under the SFO to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities as defined in the SFO, being the financial adviser to the Offeror in respect of the Offers

"Encumbrances"	all pledges, charges, claims, community or other marital property interest, liens, mortgages, lease, security interests, attachments, pre-emption rights, options restrictions, conditional sale agreement or other title retention agreement and any other encumbrances or similar third party rights or claims of any kind
"Executive"	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
"Form(s) of Acceptance"	the Form of Share Offer Acceptance and the Form of Warrant Offer Acceptance, and "Form of Acceptance" shall mean any one of them
"Form of Share Offer Acceptance"	the **WHITE** form of acceptance in respect of the Share Offer accompanying this Composite Document
"Form of Warrant Offer Acceptance"	the **YELLOW** form of acceptance in respect of the Warrant Offer accompanying this Composite Document
"Group"	the Company and its subsidiaries
"Guarantor"	HEC Capital Limited, a company incorporated in the Cayman Islands with limited liability, being the guarantor named in the SPA
"HKSCC"	Hong Kong Securities Clearing Company Limited
"HKSCC Nominees"	HKSCC Nominees Limited
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	an independent committee of the Board comprising all the independent non-executive Directors, namely Mr. Lum Pak Sum, Ms. Lam Yan Fong, Flora and Ms. Ng Yin Ling, Elaine to advise the Independent Shareholders and the Warrantholders in respect of the Offers

"Independent Financial Adviser"	Investec Capital Asia Limited, the independent financial adviser to the Independent Board Committee, the Independent Shareholders and the Warrantholders in respect of the terms of the Offers. Investec Capital Asia Limited is a licensed corporation registered under the SFO to carry on type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities as defined in the SFO
"Independent Shareholder(s)"	Shareholders, other than the Offeror and the Concert Parties
"Investors"	collectively, RB International Investments Asia Limited, Mr. Zhang Dachun（張大春）, Mr. Ping Kim（平劍）, Mr. Gan Lianbin（甘連斌）, Triunion (H.K.) Cereal & Oil Company Limited, Mr. Wang Haibin（王海濱）and Mr. Huang Huihuang*（黃輝煌）, being some of the Concert Parties
"Last Trading Day"	28 August 2013, being the last full trading day of the Shares immediately before the date of the Announcement
"Latest Practicable Date"	4 October 2013, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information referred to in this Composite Document
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Mr. Hu"	Mr. Hu Haisong（胡海松）, a director of the Offeror and the beneficial owner of approximately 89.6% interest in APAC
"Offer Completion"	the completion of the Offers
"Offer Conditions"	has the meaning as described under the paragraphs headed "Conditions of the Share Offer" and "Condition of the Warrant Offer" in this Composite Document
"Offer Period"	has the meaning ascribed to it in the Takeovers Code
"Offer Share(s)"	all the Share(s) other than the Sale Shares agreed to be acquired by the Offeror and the Concert Parties

"Offeror"	Eagle Ride Investments Limited, a company incorporated in the British Virgin Islands with limited liability and wholly-owned by APAC
"Offers"	the Share Offer and the Warrant Offer
"Overseas Shareholder(s)"	Shareholder(s) whose address(es) as shown on the register of members of the Company is/(are) outside Hong Kong
"Overseas Warrantholder(s)"	Warrantholder(s) whose address(es) as shown on the register of Warrantholders of the Company is/(are) outside Hong Kong
"Pearl Decade"	Pearl Decade Limited, a company incorporated in the British Virgin Islands with limited liability, being the holder of 15,960,500 Shares. Pearl Decade is a wholly-owned subsidiary of Willie International Holdings Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 273)
"PRC"	the People's Republic of China, which for the purpose of this Composite Document only (unless otherwise indicated) excludes Hong Kong, the Macao Special Administrative Region of the People's Republic of China and Taiwan
"Registrar"	Computershare Hong Kong Investor Services Limited, the Hong Kong branch share registrar of the Company which is situated at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
"Relevant Period"	the period from 5 March 2013, being the date six months before the date of the Announcement, up to and including the Latest Practicable Date
"Sale Shares"	the aggregate 39,373,750 issued Shares, representing approximately 21.01% of the total issued share capital of the Company held by Pearl Decade, the Vendor and Smart Jump as at the Latest Practicable Date
"SFC"	the Securities and Futures Commission of Hong Kong
"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 issued share capital of the Company
"Share Offer"	the conditional voluntary cash offer by DTCFL on behalf of the Offeror to the Independent Shareholders to acquire the Offer Shares in accordance with the Takeovers Code
"Share Offer Price"	the price at which the Share Offer is being made in this Composite Document, i.e. at HK$1.4412 per Offer Share
"Shareholder(s)"	holder(s) of the issued Share(s)
"Smart Jump"	Smart Jump Corporation, a company incorporated in the British Virgin Islands with limited liability, being the holder of 9,944,375 Shares. Smart Jump is a wholly-owned subsidiary of Freeman Financial Corporation Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 279)
"SPA"	the conditional sale and purchase agreement entered into among the Offeror, the Vendor and the Guarantor on 29 August 2013 in relation to the Acquisition, details of which are set out in the Announcement and the letter from DTCFL which forms part of this Composite Document
"SPA Completion"	completion of the sale and purchase of the Sale Shares in accordance with the terms of the SPA and the SPA Conditions
"SPA Completion Date"	the date on which SPA Completion takes place, being any date falling (i) within 2 Business Days after the date when the SPA Conditions are satisfied; or (ii) the first date any Shares represented by acceptances in the Share Offer are paid for by the Offeror, whichever is the later (or such other date as the parties to the SPA may agree provided such agreed date cannot be earlier than the first date any Shares represented by acceptances in the Share Offer are paid for by the Offeror)
"SPA Conditions"	being the conditions precedent to SPA Completion
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"subsidiaries"	has the meaning ascribed to it in the Listing Rules
"Takeovers Code"	The Code on Takeovers and Mergers of Hong Kong, as amended from time to time
"Title Document(s)"	Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof)
"Vendor"	Murtsa Capital Management Limited, a company incorporated in the British Virgin Islands with limited liability, being the holder of 13,468,875 Shares and a wholly-owned subsidiary of the Guarantor
"Warrants"	the 3,963,800 warrants with an aggregate value of HK$198,190.18 issued by the Company listed on the Main Board of the Stock Exchange (warrant code: 1307) entitling the Warrantholders at any time during a period of 2 years commencing from the date of issue of the Warrants to subscribe for the Shares at an adjusted exercise price of HK$0.39 per Share (subject to further adjustment) and adjusted by its entitlement ratio (7.8) which is calculated to be 508,179 Warrants subject to the Warrant Offer as at the Latest Practicable Date
"Warrantholders"	the holders of the outstanding Warrants
"Warrant Offer"	the conditional voluntary cash offer by DTCFL on behalf of the Offeror to the Warrantholders for the cancellation of such outstanding Warrants, if any, in accordance with the Takeovers Code
"Warrant Offer Price"	HK$1.0512 for cancellation of each outstanding Warrant
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"%"	per cent

Certain amounts and percentage figures included in this Composite Document have been subject to rounding adjustments. Accordingly, figures shown as totals in certain paragraphs and tables in this Composite Document may not be an arithmetic aggregation of the figures preceding them.

* *for identification purpose only*

Deloitte.
德勤

Deloitte & Touche Corporate Finance Limited

7 October 2013

To the Shareholders and the Warrantholders,

Dear Sir or Madam,

CONDITIONAL VOLUNTARY CASH OFFERS BY DELOITTE & TOUCHE CORPORATE FINANCE LIMITED FOR AND ON BEHALF OF EAGLE RIDE INVESTMENTS LIMITED TO ACQUIRE ALL THE ISSUED SHARES IN THE ISSUED SHARE CAPITAL OF, AND TO CANCEL ALL THE OUTSTANDING WARRANTS OF RADFORD CAPITAL INVESTMENT LIMITED (OTHER THAN THOSE ACQUIRED OR AGREED TO BE ACQUIRED BY EAGLE RIDE INVESTMENTS LIMITED OR PARTIES ACTING IN CONCERT WITH IT)

1. INTRODUCTION

On 5 September 2013, the Offeror and the Company jointly announced that DTCFL would, for and on behalf of the Offeror, make conditional voluntary cash offers to acquire all the Offer Shares and to cancel all the outstanding Warrants.

This letter forms part of this Composite Document and sets out details of the principal terms of the Offers, together with information relating to the Offeror and its intentions in relation to itself and the Group. Further details of the terms of the Offers, and details of the procedures for acceptance of the Offers are set out in this letter and Appendix I to this Composite Document. Your attention is drawn to the accompanying Form(s) of Acceptance and the additional information set out in the appendices which form part of this Composite Document.

Your attention is also drawn to the letter from the Board, the letter from the Independent Board Committee to advise the Independent Shareholders and the Warrantholders in respect of the Offers and the letter from the Independent Financial Adviser to the Independent Board Committee, the Independent Shareholders and the Warrantholders in respect of the terms of the Offers contained in this Composite Document.

2. THE SPA

On 29 August 2013, the Offeror as purchaser entered into the SPA with the Vendor and the Guarantor, pursuant to which the Offeror has conditionally agreed to purchase and the Vendor has conditionally agreed to sell 13,468,875 Shares and procure the sale of 25,904,875 Shares (together the Sale Shares) for an aggregate consideration of HK$56,745,448.50 (equivalent to HK$1.4412 per Sale Share). The Sale Shares represent approximately 21.01% of the entire issued share capital of the Company as at the Latest Practicable Date.

Sale Shares to be acquired by the Offeror from the Vendor

Subject to and in accordance with the terms and conditions of the SPA, the Offeror as purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell 13,468,875 Shares and procure the sale of 25,904,875 Shares (together the Sale Shares), being 15,960,500, 13,468,875 and 9,944,375 Shares directly held by Pearl Decade, the Vendor and Smart Jump respectively (representing approximately 8.52%, 7.19% and 5.31% of the total issued share capital of the Company respectively as at the Latest Practicable Date). The Sale Shares shall be fully paid and free and clear from any Encumbrance and together with all rights now or hereafter attaching or accruing thereto, including all dividends and distributions declared, made or paid by the Company to the Shareholders on or after the SPA Completion Date. The Offeror as purchaser shall not be obliged to purchase any of the Sale Shares unless the sale and purchase of all (but not some) of the Sale Shares are completed contemporaneously at the SPA Completion.

Please refer to the section headed "Shareholding structure of the Company" in the letter from the Board in this Composite Document for the shareholding of the Company as at the Latest Practicable Date and immediately after the SPA Completion.

Consideration for the Sale Shares and the basis of the consideration

The aggregate consideration for the Sale Shares shall be HK$56,745,448.50 (equivalent to HK$1.4412 per Sale Share), which shall be payable to the Vendor or its nominee(s) on the SPA Completion Date which is (i) within 2 Business Days after the date when all the SPA Conditions are satisfied; or (ii) the first date any Shares represented by acceptances in the Share Offer are paid for by the Offeror, whichever is the later (or such other date as the parties to the SPA may agree provided such agreed date cannot be earlier than the first date any Shares represented by acceptances in the Share Offer are paid for by the Offeror). The consideration was determined following arm's length negotiations between the Offeror and the Vendor.

Conditions precedent of the SPA

The obligations of the Offeror as purchaser, the Vendor and the Guarantor to effect the SPA Completion shall be conditional upon:

(i) valid acceptances of the Offers being received (and not, where permitted, withdrawn) by the Closing Date in accordance with the Takeovers Code in respect of such number of Offer Shares (which shall exclude the Sale Shares) which will result in the Offeror holding at least 53.98% of the voting rights in the Company;

(ii) the listing status of the Company on the Stock Exchange not being revoked or withdrawn at any time prior to the SPA Completion, and there being no indication from the Stock Exchange or SFC that the listing status of the Company will be suspended, cancelled, revoked or withdrawn at any time after the SPA Completion as a result of transactions contemplated under the SPA;

(iii) the Company or its subsidiaries having (a) bank deposits and cash of not less than HK$140 million maintained in one bank account with The Hongkong and Shanghai Banking Corporation Limited (free of any encumbrance and other third party rights); and (b) consolidated net assets of not less than HK$140 million, as at the date of and immediately prior to the SPA Completion;

(iv) since the Accounts Date, and save as disclosed in the Company's announcements up to and including 26 August 2013, there having been no change, effect, fact, event or circumstance which has had or would reasonably be expected to have a material adverse effect on, or to cause a material adverse change in, the general affairs, management, financial position, business prospects, conditions (whether financial, operational, legal or otherwise), earnings, solvency, current or future consolidated financial position, shareholders' equity or results of operations of the Company or any of its subsidiaries, whether or not arising in the ordinary course of business provided however that so long as the Company has consolidated net assets of not less than HK$140 million at the SPA Completion Date, any change of the Company's consolidated net assets value since the Accounts Date shall not, in and of itself, affect the fulfilment of this condition precedent;

(v) no dividend or other distribution (whether in cash or in kind) having been declared, made or paid by the Company during the period from the date of the SPA to the SPA Completion Date to the Shareholders;

(vi) the representations, warranties and undertaking of the Vendor and the Guarantor set out in the SPA remaining true and accurate and not misleading in all material respects; and

(vii) all requisite consents, authorisations, approvals and waivers in connection with the entering into and performance of the terms of the SPA having been obtained by the Guarantor, the Vendor, Pearl Decade and Smart Jump and their respective publicly listed parent companies.

Each of the Vendor and the Guarantor undertakes to the Offeror as purchaser that to the fullest extent permissible by applicable laws, rules and regulations, it shall, and shall procure each of Pearl Decade and Smart Jump to at its own cost and at all times promptly file, furnish, deliver and clear any and all documents, information and undertakings (in addition to any which have already been lodged) as may be required by the relevant regulatory authorities or applicable law for the purposes of procuring satisfaction of the SPA Conditions. None of the SPA Conditions can be waived.

If any of the SPA Conditions are not fulfilled on or before 5:00 p.m. on 31 October 2013 or such later date and time as the parties to the SPA may agree, the SPA shall lapse and become null and void immediately and the Vendor, the Guarantor and the Offeror as purchaser shall be released from all obligations thereunder, save for liabilities for any antecedent breaches thereof.

At SPA Completion, the Vendor shall procure that, among others, (a) all existing margin financing arrangements between the Group and Chung Nam are terminated; (b) all employee contracts of the Group are terminated or all of the employees have resigned; and (c) the lease relating to office building entered into by the Group is terminated.

3. THE OFFERS

As at the Latest Practicable Date, there are 187,391,436 Shares in issue and outstanding Warrants which can be converted into 508,179 Shares with an adjusted exercise price of HK$0.39 per Share after applying the entitlement ratio of 7.8. The entitlement ratio of 7.8 reflects the adjustments to their exercise price from HK$0.05 to HK$0.39 for each warrant of the Company resulting from the bonus issue, placing and share consolidation of the Company as disclosed in the announcements of the Company dated 10 October 2012, 12 October 2012, 6 May 2013 and 20 May 2013. As such, each Warrant under the Warrant Offer can be converted into one Share with an adjusted exercise price of HK$0.39 per Share. Save as disclosed herein, the Company has no other outstanding Shares, options, warrants, derivatives or other securities that are convertible or exchangeable into Shares or other types of equity interest of the Company as at the Latest Practicable Date.

Principal terms of the Offers

The Offers will be made by DTCFL on behalf of the Offeror on the following basis:

The Share Offer

For each Offer Share . . . . HK$1.4412 in cash

The Share Offer Price is the same as the price per Sale Share payable by the Offeror as purchaser under the SPA. The Offer Shares acquired under the Share Offer shall be fully paid and free and clear from all Encumbrances and together with all rights attached to them as at the Closing Date, including all rights to any dividend or other distribution declared, made or paid by the Company to the Shareholders on or after the Closing Date.

The Warrant Offer

For cancellation of each outstanding Warrant . . . . HK$1.0512 in cash

The Warrant Offer will be conditional upon the Share Offer having become or having been declared unconditional in all respects. The Warrant Offer Price of HK$1.0512 per Warrant represents the difference between the Share Offer Price of HK$1.4412 per Offer Share and the adjusted exercise price of the Warrants of HK$0.39 per Share. As jointly announced by the Offeror and the Company on 9 September 2013, the Warrantholders should take note that the unit of the Warrants under the Warrant Offer is not the same as the unit of the warrants traded on the Stock Exchange. According to the report of the CCASS, there were 3,963,800 warrants of the Company traded on the Stock Exchange under warrant code: 1307 as at the Latest Practicable Date, which would equal 508,179 Warrants after applying and adjusting by the entitlement ratio of 7.8. For illustrative purpose, the price for cancellation of each warrant of the Company traded on the Stock Exchange under warrant code: 1307 as at the Latest Practicable Date is approximately HK$0.1348.

Following acceptance of the Warrant Offer, the Warrants together with all rights attached thereto will be entirely cancelled and renounced. Fractions of Warrants tendered will not be taken up and will be cancelled and renounced. Warrants that are not tendered for acceptance under the Warrant Offer will not be deemed to have lapsed as a result of the closing of the Warrant Offer.

Comparisons of value

The Share Offer Price of HK$1.4412 per Offer Share represents:

(i) a premium of approximately 2.2% over the closing price of HK$1.4100 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(ii) a premium of approximately 77.9% over the closing price of HK$0.8100 per Share as quoted on the Stock Exchange on the Last Trading Day;

(iii) a premium of approximately 81.1% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the 5 trading days up to and including the Last Trading Day of HK$0.7960 per Share;

(iv) a premium of approximately 85.0% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day of HK$0.7790 per Share;

(v) a premium of approximately 84.6% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day of HK$0.7807 per Share; and

(vi) a premium of approximately 76.3% over the net asset value per Share of HK$0.8177 as at 30 June 2013 based on the (i) unaudited consolidated net assets of the Group of HK$153,233,098 as at 30 June 2013; and (ii) the total issued Shares of 187,391,436 Shares as at the Latest Practicable Date.

The Warrant Offer Price of HK$1.0512 per Warrant plus the adjusted exercise price of the Warrants of HK$0.39 per Share is equal to the Share Offer Price of HK$1.4412 per Offer Share.

Value of the Sale Shares and the Offers

As at the Latest Practicable Date, there are 187,391,436 Shares in issue. On the basis of the Share Offer Price of HK$1.4412 per Offer Share and assuming that none of the outstanding Warrants are exercised before the Closing Date, the Sale Shares under the SPA and Share Offer are valued at approximately HK$56,745,448.50 and HK$213,323,089.06 respectively, with an aggregate value of approximately HK$270,068,537.56.

As at the Latest Practicable Date, there are outstanding Warrants convertible into 508,179 Shares with an adjusted exercise price of HK$0.39 per Share. Assuming none of the outstanding Warrants are converted before the Closing Date and based on the Warrant Offer Price of HK$1.0512 for cancellation of each outstanding Warrant, the total amount required to satisfy the cancellation of all the outstanding Warrants is approximately HK$534,197.76. Based on the above and assuming that none of the outstanding Warrants are converted before the Closing Date, the Sale Shares under the SPA and the Offers are valued at HK$56,745,448.50 and HK$213,857,286.83 respectively, with an aggregate value of approximately HK$270,602,735.33.

Assuming all of the aforesaid outstanding Warrants are converted by the relevant Warrantholders before the Closing Date, 187,899,615 Shares will be in issue and based on the Share Offer Price of HK$1.4412 per Offer Share, an additional sum of approximately HK$198,189.81 shall be payable by the Offeror under the Share Offer. Accordingly, the Sale Shares under the SPA and the Offers are valued at HK$56,745,448.50 and HK$214,055,476.64 respectively, and approximately HK$270,800,925.14 in aggregate on a fully-diluted basis.

Confirmation of financial resources

Assuming that all the outstanding Warrants are converted by the relevant Warrantholders before the Closing Date and that the Offers are accepted in full, the financial resources required by the Offeror to satisfy its obligations in respect of the SPA and the Offers will amount to approximately HK$270,800,925.14.

Assuming that no Warrants are converted before the Closing Date and that the Offers are accepted in full, the financial resources required by the Offeror to satisfy its obligations in respect of the SPA and the Offers will amount to approximately HK$270,602,735.33.

The Offeror intends to finance the consideration payable by the Offeror under the Offers from its internal resources and the facility granted by Twelve Dragons Limited, a company wholly owned by ADM Galleus Fund II Limited. As at the Latest Practicable Date, Twelve Dragons Limited is one of the directors of the Offeror. DTCFL is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offers as described above. The Offeror does not intend that the payment of interest on, repayment of or security for any existing liability (contingent or otherwise) will depend on the business of the Group to any significant extent.

As part of the security package for the financing arrangements with Twelve Dragons Limited, APAC has granted a share mortgage over all the issued share capital in the Offeror in favour of Twelve Dragons Limited. In addition, upon Offer Completion and SPA Completion, the Offer Shares and the Sale Shares of up to 75% of the issued share capital of the Company will be held in escrow as part of the financing arrangement until the Offeror has fully discharged such debt obligations.

Stamp duty

Seller's ad valorem stamp duty payable by the Shareholders who accept the Share Offer and calculated at a rate of 0.1% of (i) the market value of the Shares; or (ii) consideration payable by the Offeror in respect of the relevant acceptances of the Share Offer, whichever is higher, will be deducted from the amount payable by the Offeror to the Shareholders on acceptance of the Share Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the accepting Shareholders and will pay the buyer's ad valorem stamp duty in connection with the acceptances of the Share Offer and the transfers of the Shares to the Stamp Office in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

No stamp duty is payable in connection with the acceptance of the Warrant Offer.

Payment

Payment in respect of acceptances of the Offers will be made in cash as soon as possible but in any event within 7 Business Days following the date on which the relevant Title Documents, warrant certificate(s) and/or transfer receipt(s) and/or any other document(s) of title in respect of the Warrant(s) are received by or on behalf of the Offeror to render each such acceptance complete and valid, or of the date on which the Offers become or are declared unconditional in all respects, whichever is the later. Payment in respect of acceptances of the Offers received by or on behalf of the Offeror before the Offers become or are declared unconditional in all respects will be made on the same date.

No fractions of a cent will be payable and the amount of cash consideration payable to a Shareholder or a Warrantholder (as the case may be) who accepts the relevant Offer(s) will be rounded up to the nearest cent.

4. CONDITIONS OF THE OFFERS

Conditions of the Share Offer

The Share Offer made by DTCFL on behalf of the Offeror is subject to the following conditions:

(i) valid acceptances of the Offers being received (and not, where permitted, withdrawn) by the Closing Date in accordance with the Takeovers Code in respect of such number of Offer Shares (which shall exclude the Sale Shares) which will result in the Offeror holding at least 53.98% of the voting rights in the Company;

(ii) the Company or its subsidiaries having (a) bank deposits and cash of not less than HK$140 million (free of any encumbrance and other third party rights); and (b) consolidated net assets of not less than HK$140 million, as at the first Closing Date;

(iii) the listing status of the Company on the Stock Exchange not being revoked or withdrawn at any time prior to the Closing Date, and there being no indication from the Stock Exchange or SFC that the listing status of the Company will be suspended, cancelled, revoked or withdrawn at any time after the Closing Date as a result of transactions contemplated under the SPA;

(iv) since the Accounts Date, and save as disclosed in the Company's announcements up to and including 26 August 2013, there having been no change, effect, fact, event or circumstance which has had or would reasonably be expected to have a material adverse effect on, or to cause a material adverse change in, the general affairs, management, financial position, business prospects, conditions (whether financial, operational, legal or otherwise), earnings, solvency, current or future consolidated financial position, shareholders' equity or results of operations of the Company or any of its subsidiaries, whether or not arising in the ordinary course of business;

(v) no dividend or other distribution (whether in cash or in kind) during the offer period of the Share Offer having been declared, made or paid by the Company to the Shareholders; and

(vi) no relevant authority(ies) in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry, or enacted or made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order that would make the Offers void, unenforceable or illegal or prohibit the implementation of, or which would impose any material condition, limitation or obligation with respect to the Offers or the transactions contemplated under the SPA.

Condition of the Warrant Offer

The Warrant Offer made by DTCFL on behalf of the Offeror is subject to the Share Offer having become or having been declared unconditional in all respects.

The Share Offer and the Warrant Offer are not conditional on the SPA Completion. None of the Offer Conditions under the Share Offer and the Warrant Offer above can be waived.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror should not invoke any Offer Conditions, other than the acceptance condition in (i) above, so as to cause the Offers to lapse unless the circumstances which give rise to the right to invoke any such Offer Conditions are of material significance to the Offeror in the context of the Offers.

WARNING: The Shareholders, the Warrantholders and potential investors of the Company should be aware that the Offers are subject to the Offer Conditions being fulfilled and thus the Offers may or may not become unconditional. The Shareholders, the Warrantholders and potential investors of the Company should therefore exercise caution when dealing in the securities of the Company or other rights in respect of them. Persons who are in doubt as to the action they should take should consult their stockbroker, licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

5. INFORMATION ON THE OFFEROR

The Offeror is a company incorporated in the British Virgin Islands with limited liability. It is an investment holding company and is wholly-owned by APAC. APAC is a company incorporated on 7 August 2012 in Samoa and its principal business is investment holding, focusing on the energy sector and high growth private investments. APAC is beneficially owned as to approximately 89.6% by Mr. Hu and approximately 10.4% by the Investors (whose interests are held on trust by Mr. Hu). Mr. Hu is a PRC resident. Having a strong track record in pursuing cross-border business opportunities primarily in the energy and resources industry, Mr. Hu has substantial experience in business management and investment activity. Mr. Hu is currently a director of Bluesea Energy Holdings Limited, a limited liability company incorporated in Hong Kong principally engaged in providing consultancy services in the oil and gas related industry and in the trading of petroleum related products, including crude oil and fuel oil. Mr. Hu obtained a doctor of business administration honoris causa by Dubna International University for Nature, Society and Man in June 2013.

6. REASONS FOR AND EXPECTED BENEFITS OF THE OFFERS

The Offeror considers that the acquisition of a controlling interest in the Company and the Offers represent a good opportunity for the Offeror to gain access to the investment business and capital market platform in Hong Kong. The Offeror intends to leverage the capital market platform of the Company and the experience of Mr. Hu, which includes but is not limited to the energy and resources industry, to explore future investment opportunities that the Offeror considers itself would be benefited from such acquisition. Based on the above, the Offeror is of the view that the Offers are in its long-term commercial interest. However, no such investments or businesses have been identified and there is no agreement, arrangement, understanding or negotiation about any acquisition or injections of assets (whether concluded or not) between the Offeror or the Concert Parties and the Company as at the Latest Practicable Date.

The Offeror believes that the terms of the Share Offer are attractive to the Independent Shareholders and provide an opportunity for the Independent Shareholders to realise their Shares in return for cash. The Offeror notes that the Share Offer Price of HK$1.4412 per Offer Share represents a premium (in the range of approximately 2.2% to 85.0%) over the price of the Share as set out in the paragraph headed "Comparisons of value" in this Composite Document. In addition, it represents a premium of approximately 76.3% over the net asset value per Share of HK$0.8177 as at 30 June 2013 based on the (i) unaudited consolidated net assets of the Group of approximately HK$153.2 million as at 30 June 2013; and (ii) the total issued Shares of 187,391,436 Shares as at the Latest Practicable Date. In addition, the Warrant Offer Price of HK$1.0512 per Warrant represents the difference between the Share Offer Price of HK$1.4412 per Offer Share and the adjusted exercise price of the Warrants of HK$0.39 per Share which is calculated on a "see-through" basis.

On the basis of the above, the Offeror considers that the terms of the Offers are attractive to the Independent Shareholders and the Warrantholders, and urges all Independent Shareholders and the Warrantholders to accept the Offers.

7. INTENTIONS OF THE OFFEROR IN RELATION TO ITSELF AND THE GROUP

The Offeror will from time to time review strategic options with regard to the business, structure and/or direction of the Group and may implement necessary changes arising from such review. In addition, the Offeror intends to leverage the capital market platform of the Company and the experience of Mr. Hu, which includes but is not limited to the energy and resources industry to explore future investment opportunities. In addition, it is the intention of the Offeror to (i) make direct investment into selected projects in China and/or overseas projects; and (ii) in accordance with the current investment objectives, policies and restrictions of the Company, participate in private equity investments projects which warrant return for the Group.

The Offeror recognises the importance of human resources in the development of the Group's business. As such, the Offeror intends to terminate the existing contracts of all the employees of the Group and will consider the re-employment of such employees or the employment of other employees that the Offeror considers necessary and competent to assist the Offeror to implement the business strategy of the Group. In this regard, it is the intentions of the Offeror to formulate incentive plans where appropriate to attract new talent to the Group. Save as disclosed in this section, the Offeror intends to continue with the existing business strategy of the Group to engage in investment holding and trading of financial assets designated as held for trading and any other investment opportunities that will warrant return for the Group and does not intend to introduce major changes to the Group's businesses (including redeployment of fixed assets of the Group), other than in the ordinary course of the business of the Group upon the Offer Completion.

In addition, the Offeror intends to review the appointment of the existing investment manager of the Company, Enerchine Investment Management Limited and will consider termination of such appointment and appointment of a new investment manager within 9 months from the SPA Completion Date. The Offeror and the Company confirm that the Company will comply with the requirements under Chapter 14A of the Listing Rules in relation to any appointment of the investment manager.

The Offeror will conduct a review on the overall business of the Group including, among others, assets, corporate and organisational structure, investment policies and strategies, in order to consider and determine the changes, if any, following the Offer Completion, that would be necessary, appropriate and desirable, long term or short term, in order to best organise the businesses of the Group. It is the intentions of the Offeror that following the Offer Completion, the Company will continue with its current investment objectives, policies and restrictions of the Company. However, the Company may, at any time after a period of 3 years following the issue of the listing document, alter its investment objectives, policies and restrictions (other than those required by Rules 21.04(3)(a) and (b) of the Listing Rules) without the consent of the Shareholders in a general meeting, pursuant to Rule 21.08(3) of the Listing Rules. Since the Offeror does not intend to change the current investment objectives, policies and restrictions of the Company, the Offeror confirms that the investment objectives, policies and restrictions of the Company will comply with Rules 21.04(3)(a) and (b) of the Listing Rules in order for the Company to maintain its listing. The Offeror will keep the Shareholders, the Warrantholders and the potential investors of the Company informed by making further announcement(s) as and when appropriate in accordance with the requirements of the Takeovers Code and the Listing Rules.

The Offeror intends to invite all of the Directors to resign from their office. If they agree to do so, the Directors may resign from their office at SPA Completion, but in any event not prior to the first Closing Date, or the date when the Offers become or are declared unconditional, whichever is the later and such resignation shall be effected in accordance with the Takeovers Code. The Offeror intends to nominate directors after the Despatch Date as required by the Takeovers Code.

The Offeror is in the process of identifying other suitable candidates for the Board. Any changes to the Board will be made in compliance with the Takeovers Code and the Listing Rules. Further announcements will be made as and when appropriate in this regard.

The Offeror contemplates to propose a share split (the "**Share Split**") in the proportion of approximately 1 Share to 8 split shares (the "**Split Shares**") as soon as practicable as permitted under the Takeovers Code and the Listing Rules. The Offeror considers that a reduction in the par value of each Share will allow the Company to better respond to the market situations in conducting capital raising exercises by providing greater flexibility to the Company in pricing future capital raising exercises in a timely manner. As at the Latest Practicable Date, the Offeror has no plan or intention for the Company to conduct any capital raising exercise. Further announcement(s) will be made as and when appropriate in this regard.

After the completion of the Share Split, and upon full repayment and discharge of the facility granted by Twelve Dragons Limited, the Offeror intends to conduct a distribution-in-specie whereby the Split Shares which are to be held by the Offeror will be distributed to APAC. Upon completion of the Offeror's distribution-in-specie, APAC is expected to conduct another distribution-in-specie whereby the Split Shares which are to be held by APAC after the Offeror's distribution-in-specie will be distributed to Mr. Hu (in his personal capacity and as trustee holding such Split Shares on trust for the Investors). APAC is beneficially owned as to approximately 89.6% by Mr. Hu and as to approximately 10.4% by the Investors (whose interests are held on trust by Mr. Hu). Mr. Hu, as trustee of the Investors, intends to transfer to the Investors the Split Shares following the two distributions-in-specie mentioned above.

The Investors, namely (i) Mr. Zhang Dachun(張大春), Mr. Ping Kim(平劍), Mr. Gan Lianbin(甘連斌), Mr. Wang Haibin(王海濱) and Mr. Huang Huihuang*(黃輝煌) are PRC residents and are involved in investment projects in the PRC; (ii) RB International Investments Asia Limited is principally engaged in financial services; and (iii) Triunion (H.K.) Cereal & Oil Company Limited is principally engaged in the trading business. As of the Latest Practicable Date, each of the Investors has neither held, owned nor had control or direction over any Shares or Warrants.

8. COMPULSORY ACQUISITION

The Offeror does not intend to avail any powers of compulsory acquisition of any Shares after closing of the Offers.

9. MAINTAINING THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that if, at the close of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25% of the Shares, are held by the public, or if the Stock Exchange believes that:

a) a false market exists or may exist in the trading of the Shares; or

b) that there are insufficient Shares in public hands to maintain an orderly market;

it will consider exercising its discretion to suspend dealings in the Shares.

The Offeror intends for the Company and warrants of the Company under warrant code: 1307 to remain listed on the Stock Exchange. The directors of the Offeror and the new directors to be appointed to the Board, if any, will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

10. GENERAL MATTERS RELATING TO THE OFFERS

Holdings of and dealings in securities of the Company by the Offeror and the Concert Parties during the six-month period

As of the Latest Practicable Date, save for the SPA to which the Offeror is a party, the Offeror and the Concert Parties, including ADM Galleus Fund II Limited, Twelve Dragons Limited or any of the parties acting in concert with ADM Galleus Fund II Limited and Twelve Dragons Limited, have neither held, owned nor had control or direction over any Shares, options, derivatives, warrants or securities which are convertible into or exchangeable for securities of the Company.

The Offeror and the Concert Parties, including ADM Galleus Fund II Limited, Twelve Dragons Limited or any of the parties acting in concert with ADM Galleus Fund II Limited and Twelve Dragons Limited, have not dealt in the Shares, convertible securities, warrants, options or derivatives of the Company during the Relevant Period, save for the SPA to which the Offeror is a party.

Availability of the Offers to Overseas Shareholders and Overseas Warrantholders

To the extent practicable and permissible under applicable laws and regulations, the Offeror intends to make the Offers available to all the Independent Shareholders and the Warrantholders, including those who are not resident in Hong Kong, to acquire the Offer Shares and the outstanding Warrants. The availability of the Offers to persons who are not resident in Hong Kong may be affected by the laws of the relevant overseas jurisdictions. Persons who are not resident in Hong Kong should inform themselves about and observe any applicable requirements and restrictions in their own jurisdictions, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with the other necessary formalities and the payment of any issue, transfer or other fares due in such jurisdictions.

In the event that the receipt of this Composite Document by Overseas Shareholders and Overseas Warrantholders is prohibited by any applicable laws and regulations or may only be effected upon compliance with conditions or requirements in such overseas jurisdictions that would be unduly burdensome, this Composite Document, subject to the Executive's consent, will not be despatched to such Overseas Shareholders or Overseas Warrantholders. The Company will apply for any waivers as may be required by the Executive pursuant to Note 3 to Rule 8 of the Takeovers Code at such time. Nonetheless, such Overseas Shareholders and Overseas Warrantholders will be provided with all material information in this Composite Document. Any arrangements for Overseas Shareholders or Overseas Warrantholders to collect this Composite Document will be set out in a further announcement.

Any acceptance by any Shareholder or the Warrantholder (as the case may be) of the Offers will be deemed to constitute a representation and warranty from such Shareholder or Warrantholder (as the case may be) to the Offeror that the local laws and requirements have been complied with. Shareholders and Warrantholders who are in doubt as to the action they should take should consult their stockbrokers, licensed securities dealers or registered institutions in securities, bank managers, solicitors, professional accountants or other professional advisers.

Further agreements or arrangements

As at the Latest Practicable Date:

(i) the Offeror and the Concert Parties have not received any irrevocable commitment to accept the Offers;

(ii) the Offeror or the Concert Parties do not hold any convertible securities, options or warrants of the Company;

(iii) there is no outstanding derivative in respect of the securities in the Company which has been entered into by the Offeror or its Concert Parties;

(iv) save as disclosed in the paragraphs headed "Confirmation of financial resources" and "Intentions of the Offeror in relation to itself and the Group" in this Composite Document, there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the shares of the Offeror or the Company and which might be material to the Offers;

(v) there is no agreement or arrangement to which the Offeror is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offers; and

(vi) the Offeror and Concert Parties have not borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

Completion of the Offers

The Share Offer and the Warrant Offer made by DTCFL, on behalf of the Offeror, are subject to the Offer Conditions. If any of the Offer Conditions are not satisfied on or before the Closing Date, the Offers will lapse. In that case, the Offeror will issue an announcement in relation to the revision, extension, expiry or unconditionality of the Offers in accordance with the Takeovers Code and the Listing Rules by 7:00 p.m. on the Closing Date. The latest time on which the Offeror can declare the Offers unconditional as to acceptances is 7:00 p.m. on the 60th day after the posting of this Composite Document (or such later date to which the Executive may consent).

If all the Offer Conditions are satisfied, the Shareholders and the Warrantholders will be notified by way of an announcement in accordance with the Takeovers Code and the Listing Rules as soon as practicable thereafter.

Acceptance of the Offers

Acceptance of the Share Offer or the Warrant Offer by the Shareholders or the Warrantholders, respectively, will be deemed to constitute a warranty by such person(s) to the Offeror that such Shares to be acquired under the Share Offer or the Warrants to be acquired under the Warrant Offer (as the case may be) are sold by the Shareholders or the Warrantholders (as the case may be) free from all third party rights, liens, claims, charges, equities and encumbrances and together with all rights accruing or attaching thereto on the Closing Date or subsequently becoming attached to it, including, without limitation, in the case of the Shares, the rights to receive all future dividends and/or other distributions declared, paid or made by the Company to the Shareholders, if any, on or after the Closing Date.

ADDITIONAL INFORMATION

Your attention is drawn to the accompanying Form(s) of Acceptance and the additional information set out in the appendices which form part of this Composite Document. Your attention is also drawn to the letter from the Board, the letter from the Independent Board Committee to advise the Independent Shareholders and the Warrantholders in respect of the Offers and the letter from the Independent Financial Adviser to the Independent Board Committee, the Independent Shareholders and the Warrantholders in respect of the terms of the Offers contained in this Composite Document.

Yours faithfully,
For and on behalf of
Deloitte & Touche Corporate Finance Limited
Connie Ho
Executive Director

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)

(Warrant Code: 1307)

Executive Directors:
Mr. Chung Yuk Lun *(Chairman)*
Mr. Shimazaki Koji *(Chief Executive Officer)*
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

Head Office and Principal Place of Business in Hong Kong:
Room 3111, 31st Floor
China United Centre
No. 28 Marble Road
North Point
Hong Kong

7 October 2013

To the Shareholders and the Warrantholders

Dear Sir or Madam,

CONDITIONAL VOLUNTARY CASH OFFERS BY DELOITTE & TOUCHE CORPORATE FINANCE LIMITED FOR AND ON BEHALF OF EAGLE RIDE INVESTMENTS LIMITED TO ACQUIRE ALL THE ISSUED SHARES IN THE ISSUED SHARE CAPITAL OF, AND TO CANCEL ALL THE OUTSTANDING WARRANTS OF RADFORD CAPITAL INVESTMENT LIMITED (OTHER THAN THOSE ACQUIRED OR AGREED TO BE ACQUIRED BY EAGLE RIDE INVESTMENTS LIMITED OR PARTIES ACTING IN CONCERT WITH IT)

1. INTRODUCTION

On 5 September 2013, the Offeror and the Company jointly announced that DTCFL would, for and on behalf of the Offeror, make conditional voluntary cash offers to acquire all the Offer Shares and to cancel all the outstanding Warrants.

The purpose of this Composite Document is to provide you with, among other things, (i) information relating to the Group, the Offeror and the Offers, (ii) a letter from DTCFL containing, among other things, details of the SPA and the Offers, (iii) a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders and the Warrantholders in respect of the Offers, and (iv) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee, the Independent Shareholders and the Warrantholders in respect of the Offers.

2. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Lum Pak Sum, Ms. Lam Yan Fong, Flora and Ms. Ng Yin Ling, Elaine, has been established to make recommendations to the Independent Shareholders and the Warrantholders as to whether the Offers are fair and reasonable and as to acceptance of the Offers.

Investec Capital Asia Limited has, with the approval of the Independent Board Committee, been appointed as the Independent Financial Adviser to advise the Independent Board Committee, the Independent Shareholders and the Warrantholders in respect of the terms of the Offers.

3. THE SPA

According to the SPA, on 29 August 2013, the Offeror as purchaser entered into the SPA with the Vendor and the Guarantor, pursuant to which the Offeror has conditionally agreed to purchase and the Vendor has conditionally agreed to sell 13,468,875 Shares and procure the sale of 25,904,875 Shares (together the Sale Shares) for an aggregate consideration of HK$56,745,448.50 (equivalent to HK$1.4412 per Sale Share). The Sale Shares represent approximately 21.01% of the entire issued share capital of the Company as at the Latest Practicable Date. Further details on the terms of the SPA and the SPA Conditions are set out in the letter from DTCFL on pages 11 to 26 of this Composite Document.

SPA Completion is conditional upon the fulfillment of the SPA Conditions as described in the paragraph headed "Conditions precedent of the SPA" under the section headed "The SPA" in the letter from DTCFL. If any of the SPA Conditions are not fulfilled on or before 5:00 p.m. on 31 October 2013 or such later date and time as the parties to the SPA may agree, the SPA shall lapse and become null and void immediately and the Vendor, the Guarantor and the Offeror as purchaser shall be released from all obligations thereunder, save for liabilities for any antecedent breaches thereof.

4. THE OFFERS

On 29 August 2013, the Offeror approached the Board and expressed its intention to make conditional voluntary cash offers to acquire all the Offer Shares and to cancel all the outstanding Warrants.

As at the Latest Practicable Date, there are 187,391,436 Shares in issue and outstanding Warrants which can be converted into 508,179 Shares with an adjusted exercise price of HK$0.39 per Share after applying the entitlement ratio of 7.8. The entitlement ratio of 7.8 reflects the adjustments to their exercise price from HK$0.05 to HK$0.39 for each warrant of the Company resulting from the bonus issue, placing and share consolidation of the Company as disclosed in the announcements of the Company dated 10 October 2012, 12 October 2012, 6 May 2013 and 20 May 2013. As such, each Warrant under the Warrant Offer can be converted into one Share with an adjusted exercise price of HK$0.39 per Share. Save as disclosed herein, the Company has no other outstanding Shares, options, warrants, derivatives or other securities that are convertible or exchangeable into Shares or other types of equity interest of the Company as at the Latest Practicable Date.

Principal terms of the Offers

The Offers will be made by DTCFL on behalf of the Offeror on the following basis:

The Share Offer

For each Offer Share . . . . HK$1.4412 in cash

The Share Offer Price is the same as the price per Sale Share payable by the Offeror as purchaser under the SPA. The Offer Shares acquired under the Share Offer shall be fully paid and free and clear from all Encumbrances and together with all rights attached to them as at the Closing Date, including all rights to any dividend or other distribution declared, made or paid by the Company to the Shareholders on or after the Closing Date.

The Warrant Offer

For cancellation of each outstanding Warrant . . . . HK$1.0512 in cash

The Warrant Offer will be conditional upon the Share Offer having become or having been declared unconditional in all respects. The Warrant Offer Price of HK$1.0512 per Warrant represents the difference between the Share Offer Price of HK$1.4412 per Offer Share and the adjusted exercise price of the Warrants of HK$0.39 per Share. As jointly announced by the Offeror and the Company on 9 September 2013, the Warrantholders should take note that the unit of the Warrants under the Warrant Offer is not the same as the unit of the warrants traded on the Stock Exchange. According to the report of the CCASS, there were 3,963,800 warrants of the Company traded on the Stock Exchange under warrant code: 1307 as at the Latest Practicable Date, which would equal 508,179 Warrants after applying and adjusting by the entitlement ratio of 7.8. For illustrative purpose, the price for cancellation of each warrant of the Company traded on the Stock Exchange under warrant code: 1307 as at the Latest Practicable Date is approximately HK$0.1348.

Following acceptance of the Warrant Offer, the Warrants together with all rights attached thereto will be entirely cancelled and renounced. Fractions of Warrants tendered will not be taken up and will be cancelled and renounced. Warrants that are not tendered for acceptance under the Warrant Offer will not be deemed to have lapsed as a result of the closing of the Warrant Offer.

Further details of the Offers, including the comparisons of value, and details of the procedures for acceptance of the Offers are set out in the letter from DTCFL on pages 11 to 26 of this Composite Document, Appendix I to this Composite Document and the accompanying Form(s) of Acceptance.

5. CONDITIONS OF THE OFFERS

Your attention is drawn to the section headed "Conditions of the Offers" in the letter from DTCFL in this Composite Document which sets out the conditions of the Share Offer and the Warrant Offer.

6. INFORMATION ON THE GROUP

The Company is a company incorporated in the Cayman Islands with limited liability, the Shares of which are currently listed on the Main Board of the Stock Exchange (stock code: 901) under Chapter 21 of the Listing Rules. The Company acts as an investment holding company. The Group is principally engaged in investments in listed and unlisted securities primarily in Hong Kong.

Your attention is drawn to the financial information and general information of the Group set out in Appendices II and III to this Composite Document, respectively.

7. SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company as at the Latest Practicable Date and immediately after the SPA Completion.

Assuming that (i) none of the outstanding Warrants are exercised before the SPA Completion; and (ii) the Offeror has acquired the Sale Shares and 53.98% of the issued share capital of the Company through the Share Offer:

Shareholder	**As at the Latest Practicable Date**		**Immediately following the SPA Completion**	
	No. of Shares	*% of issued share capital*	*No. of Shares*	*% of issued share capital*
Pearl Decade	15,960,500	8.52%	–	–
The Vendor	13,468,875	7.19%	–	–
Smart Jump	9,944,375	5.31%	–	–
Offeror and parties acting in concert with it	–	–	140,527,647	74.99%
Other Shareholders	148,017,686	78.99%	46,863,789	25.01%
Total	**187,391,436**	**100.00%**	**187,391,436**	**100.00%**

8. INTENTIONS OF THE OFFEROR IN RELATION TO ITSELF AND THE GROUP

Your attention is drawn to the section headed "Intentions of the Offeror in relation to itself and the Group" in the letter from DTCFL in this Composite Document. The Board is aware of the Offeror's intentions in respect of the Group and is willing to render appropriate co-operation with the Offeror, where necessary, which is to the best interests of the Company and the Shareholders as a whole.

9. RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee on pages 33 to 34 of this Composite Document, which sets out its recommendation to the Independent Shareholders and the Warrantholders in respect of the Offers; and (ii) the letter from the Independent Financial Adviser on pages 35 to 54 of this Composite Document, which sets out its advice to the Independent Board Committee, the Independent Shareholders and the Warrantholders in respect of the terms of the Offers and the principal factors considered by it in arriving at its advice.

10. ADDITIONAL INFORMATION

Your attention is also drawn to the letter from DTCFL as set out on pages 11 to 26 of this Composite Document, the appendices to this Composite Document and the accompanying Form(s) of Acceptance which set out, among other things, details of the SPA and the Offers, information relating to the Offeror and its intentions in relation to itself and the Group and details of the procedures for acceptance of the Offers.

WARNING: The Shareholders, the Warrantholders and potential investors of the Company should be aware that the Offers are subject to the Offer Conditions being fulfilled and thus the Offers may or may not become unconditional. The Shareholders, the Warrantholders and potential investors of the Company should therefore exercise caution when dealing in the securities of the Company or other rights in respect of them. Persons who are in doubt as to the action they should take should consult their stockbroker, licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

Yours faithfully,
For and on behalf of the Board
RADFORD CAPITAL INVESTMENT LIMITED
萊福資本投資有限公司
Mr. Chung Yuk Lun
Chairman

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)
(Warrant Code: 1307)

7 October 2013

To the Independent Shareholders and the Warrantholders

Dear Sir or Madam,

CONDITIONAL VOLUNTARY CASH OFFERS BY DELOITTE & TOUCHE CORPORATE FINANCE LIMITED FOR AND ON BEHALF OF EAGLE RIDE INVESTMENTS LIMITED TO ACQUIRE ALL THE ISSUED SHARES IN THE ISSUED SHARE CAPITAL OF, AND TO CANCEL ALL THE OUTSTANDING WARRANTS OF RADFORD CAPITAL INVESTMENT LIMITED (OTHER THAN THOSE ACQUIRED OR AGREED TO BE ACQUIRED BY EAGLE RIDE INVESTMENTS LIMITED OR PARTIES ACTING IN CONCERT WITH IT)

INTRODUCTION

We refer to the Composite Document dated 7 October 2013 jointly issued by or on behalf of the Offeror and the Company, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context otherwise requires.

We, being all the independent non-executive Directors, have been appointed as members of the Independent Board Committee to consider the terms of the Offers and to advise you as to whether, in our opinion, the terms of the Offers are fair and reasonable so far as the Independent Shareholders and the Warrantholders are concerned and to make recommendation as to acceptance of the Offers. We have declared that we are independent and do not have any conflict of interest in respect of the Offers and are therefore able to consider the terms of the Offers and to make recommendation to the Independent Shareholders and the Warrantholders.

Investec Capital Asia Limited has been appointed as the Independent Financial Adviser to the Independent Board Committee, the Independent Shareholders and the Warrantholders to advise us in respect of the terms of the Offers. Details of its advice and principal factors taken into consideration in arriving at its advice in respect of the terms of the Offers are set out in the letter from the Independent Financial Adviser on pages 35 to 54 of the Composite Document. The Independent Financial Adviser is of the opinion that the Offers are fair and reasonable so far as the Independent Sharesholders and the Warrantholders are concerned, and recommends us to advise the Independent Shareholders and the Warrantholders to accept the Offers.

We also wish to draw your attention to the letter from DTCFL set out on pages 11 to 26 of the Composite Document which contains, *inter alia*, information about the SPA and the Offers, the letter from the Board set out on pages 27 to 32 of the Composite Document and the additional information set out in the appendices to the Composite Document.

RECOMMENDATION

Having taken into account the terms of the Offers and the advice and recommendation of the Independent Financial Adviser in respect of the terms of the Offers, we consider that the Offers are fair and reasonable so far as the Independent Shareholders and the Warrantholders are concerned. Accordingly, we recommend the Independent Shareholders and the Warrantholders to accept the Offers.

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

Set out below is the text of the letter of advice from Investec to the Independent Board Committee, the Independent Shareholders and the Warrantholders in relation to the terms of the Offers, which has been prepared for inclusion in this Composite Document.

Investec

Investec Capital Asia Ltd
Room 3609, 36/F, Two International Finance Centre
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Tel/電話: (852) 3187 5000
Fax/傳真: (852) 2501 0171
www.investec.com

7 October 2013

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

Dear Sirs

CONDITIONAL VOLUNTARY CASH OFFERS BY DELOITTE & TOUCHE CORPORATE FINANCE LIMITED FOR AND ON BEHALF OF EAGLE RIDE INVESTMENTS LIMITED TO ACQUIRE ALL THE ISSUED SHARES IN THE ISSUED SHARE CAPITAL OF, AND TO CANCEL ALL THE OUTSTANDING WARRANTS OF RADFORD CAPITAL INVESTMENT LIMITED (OTHER THAN THOSE ACQUIRED OR AGREED TO BE ACQUIRED BY EAGLE RIDE INVESTMENTS LIMITED OR PARTIES ACTING IN CONCERT WITH IT)

I. INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee in relation to the terms of the Offers. Details of the Offers are set out in the letter from the Board and the letter from DTCFL (the "**Letter from DTCFL**") contained in the Composite Document to the Shareholders and the Warrantholders dated 7 October 2013, of which this letter forms part. This letter contains our advice to the Independent Board Committee, the Independent Shareholders and the Warrantholders in respect of the terms of the Offers. Unless the context otherwise requires, terms defined in the Composite Document have the same meanings in this letter.

According to the Letter from DTCFL, on 29 August 2013, the Offeror as purchaser entered into the SPA with the Vendor and the Guarantor, pursuant to which the Offeror has conditionally agreed to purchase and the Vendor has conditionally agreed to sell 13,468,875 Shares and procure the sale of 25,904,875 Shares (together the Sale Shares) for an aggregate consideration of HK$56,745,448.50 (equivalent to HK$1.4412 per Sale Share). The Sale Shares represent approximately 21.01% of the entire issued share capital of the Company as at the Latest Practicable Date. Further details on the terms of the SPA and the SPA Conditions are set out in the Letter from DTCFL contained in the Composite Document.

SPA Completion is conditional upon the fulfillment of the SPA Conditions as described in the paragraph headed "Conditions precedent of the SPA" under the section headed "The SPA" in the Letter from DTCFL. If any of the SPA Conditions are not fulfilled on or before 5:00 p.m. on 31 October 2013 or such later date and time as the parties to the SPA may agree, the SPA shall lapse and become null and void immediately and the Vendor, the Guarantor and the Offeror as purchaser shall be released from all obligations thereunder, save for liabilities for any antecedent breaches thereof.

On 29 August 2013, the Offeror approached the Board and expressed its intention to make conditional voluntary cash offers to acquire all the Offer Shares, and to cancel all the outstanding Warrants. Accordingly, on 5 September 2013, the Offeror and the Company jointly announced that DTCFL would, for and on behalf of the Offeror, make conditional voluntary cash offers to acquire all the Offer Shares and to cancel all the outstanding Warrants.

II. THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Lum Pak Sum, Ms. Lam Yan Fong, Flora and Ms. Ng Yin Ling, Elaine, has been established to make recommendations to the Independent Shareholders and the Warrantholders as to whether the Offers are fair and reasonable and as to their acceptance and has approved our appointment as the Independent Financial Adviser regarding the Offers. As the Independent Financial Adviser, our role is to provide the Independent Board Committee, the Independent Shareholders and the Warrantholders with an independent opinion and recommendation as to whether the terms of the Offers are fair and reasonable and as to their acceptance.

III. BASIS OF OUR OPINION

In formulating our advice, we have relied solely on the statements, information, opinions and representations contained in the Composite Document and the information and representations provided to us by the Company and/or the Directors. We have assumed that all such statements, information, opinions and representations contained or referred to in the Composite Document or otherwise provided or made or given by the Company and/or its senior management staff and/or the Directors and for which it is/they are solely responsible were true and accurate and valid at the time they were made and given and continue to be true and valid as at the Latest Practicable Date. We have assumed that all the opinions and representations made or provided by the

Directors and/or the senior management staff of the Company contained in the Composite Document have been reasonably made after due and careful enquiry. We have also sought and obtained confirmation from the Company and/or its senior management staff and/or the Directors that no material facts have been omitted from the information provided and referred to in the Composite Document.

In formulating our opinion, we have not considered the taxation implications on the Shareholders and Warrantholders arising from acceptances or non-acceptances of the Offers as these are particular to their individual circumstances. It is emphasised that we will not accept responsibility for any tax effect on or liability of any person resulting from his or her acceptance or non-acceptance of the Offers.

We consider that we have reviewed all information and documents which are made available to us to enable us to reach an informed view and justify our reliance on the information provided so as to provide a reasonable basis for our advice. We have no reason to doubt the truthfulness, accuracy and completeness of the statements, information, opinions and representations provided to us by the Company and/or its senior management staff and/or the Directors and their respective advisers or to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents. We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the business and affairs of the Group or the Offeror.

IV. PRINCIPAL FACTORS CONSIDERED

In formulating our opinion regarding the terms of the Offers, we have taken into consideration the following principal factors:

1. Background information on the Group

The Company was listed on the Main Board of the Stock Exchange on 28 February 2002 (the "**IPO**") as an investment company under Chapter 21 of the Listing Rules. The Company acts as an investment holding company and is principally engaged in the investment holding of both listed and unlisted securities primarily in Hong Kong.

Set out below is a summary of the Group's operating results and financial position (i) for the year ended 31 December 2011 and 2012 extracted from the Company's latest published annual report (the "**2012 Annual Report**"); and (ii) for the six months ended 30 June 2012 and 2013 extracted from the 2012 interim report of the Company dated 24 August 2012 and the 2013 interim report of the Company dated 23 August 2013 (the "**2013 Interim Report**"):

	For the six months ended 30 June		**For the year ended 31 December**	
	2013	**2012**	**2012**	**2011**
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
	HK$	*HK$*	*HK$*	*HK$*
Revenue	495,964	1,103,500	1,113,316	130,931
Loss from operations	(48,048,348)	(81,568,111)	(72,990,369)	(211,880,994)
Total comprehensive loss attributable to members	(48,193,678)	(82,298,057)	(73,744,021)	(213,916,171)

	As at 30 June 2013	**As at 30 June 2012**	**As at 31 December 2012**	**As at 31 December 2011**
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
	HK$	*HK$*	*HK$*	*HK$*
Non-current asset	103,186	158,582	125,443	193,809
Current assets	153,366,289	173,540,682	190,772,617	173,827,810
Total assets	153,469,475	173,699,264	190,898,060	174,021,619
Non-current liabilities	–	–	–	–
Current liabilities	236,377	326,280	4,714,370	50,817,018
Total liabilities	236,377	326,280	4,714,370	50,817,018
Net current assets	153,129,912	173,214,402	186,058,247	123,010,792
Net assets	153,233,098	173,372,984	186,183,690	123,204,601

1.1 Financial highlights for the six months ended 30 June 2013

For the six months ended 30 June 2013, the Group recorded a revenue of approximately HK$0.50 million, representing a decrease of approximately 55.06% from revenue of approximately HK$1.10 million for the corresponding period ended 30 June 2012. During the same period, the Group recorded a loss from operations of approximately HK$48.05 million, representing a decrease of approximately 41.09% from the loss from operations of approximately HK$81.57 million for the corresponding period ended 30 June 2012. As set out in the 2013 Interim Report, the decrease in loss from operations was mainly attributable to the reduction in the net realised loss on disposal of financial assets designated as held for trading and the net unrealised loss on financial assets designated as held for trading by approximately 95.99% and 31.75% respectively as compared to the corresponding period ended 30 June 2012.

As at 30 June 2013, the Group had total assets of approximately HK$153.47 million, representing a decrease of approximately 19.61% from total assets of approximately HK$190.90 million as at 31 December 2012. The decrease in total assets was mainly due to the fall in market value of financial assets designated as held for trading from approximately HK$183.31 million as at 31 December 2012 to approximately HK$134.92 million as at 30 June 2013. As at 30 June 2013, the Group had total liabilities of approximately HK$0.24 million, representing a decrease of approximately 94.99% from the total liabilities of approximately HK$4.71 million as at 31 December 2012. As set out in the 2013 Interim Report, the decrease in total liabilities was mainly due to repayment of amounts due to a brokerage firm by the Group.

1.2 Financial highlights for the financial year ended 31 December 2012

For the year ended 31 December 2012, the Group recorded a revenue of approximately HK$1.11 million, representing an increase of approximately 750.31% from revenue of approximately HK$0.13 million for the year ended 31 December 2011. During the same period, the Group recorded a loss from operations of approximately HK$72.99 million, representing a decrease of approximately 65.55% from the loss from operations of approximately HK$211.88 million for the year ended 31 December 2011. As set out in the 2012 Annual Report, the decrease in loss from operations was mainly due to a decrease in realised and unrealised loss of listed securities investments of the Group as the equity market improved during the year.

As at 31 December 2012, the Group had total assets of approximately HK$190.90 million, representing an increase of approximately 9.70% from the total assets of approximately HK$174.02 million as at 31 December 2011. As at 31 December 2012, the Group had total liabilities of approximately HK$4.71 million, representing a decrease of approximately 90.72% from the total liabilities of approximately HK$50.82 million as at 31 December 2011. As set out in the 2012 Annual Report, the decrease in total liabilities was mainly due to the repayment of loans due to a finance company of approximately HK$50.42 million by the Group.

1.3 Prospects and outlook

Since the Company acts as an investment holding company and is engaged principally in the investment holding in both listed and unlisted securities primarily in Hong Kong, it is subject to market risks. We concur with the Company's view that the investment market in the remaining months of 2013 will still be challenging due to (i) the market's expectation on the potential scale down of monthly quantitative easing asset purchases by the Member of the Board of Governors of the Federal Reserve System in the United States (the "**QE Tapering**") later this year; (ii) the potential impact of the QE Tapering on the Hong Kong real estate market and the potential slow down in mainland tourists spending; and (iii) the potential sell-off in both the stock market and property market of developing countries due to the QE Tapering.

In addition, we considered the historical financial performance of the Group since its IPO on 28 February 2002 and noted that, save for the financial year ended 31 December 2009, the Company has never recorded any profit nor has it declared any cash dividend since its IPO on 28 February 2002.

In view of (i) the expected challenging investment market in the remaining months of 2013 as disclosed above in the first paragraph of this section; (ii) the fact that, save for the financial year ended 31 December 2009, the Group has been loss-making since its IPO; and (iii) the fact that the Group has never declared any dividend since its IPO, we consider the prospects and outlook of the Group to remain uncertain.

2. Information on the Offeror and its intentions regarding the future of the Group

2.1 Information on the Offeror

As set out in the Letter from DTCFL, the Offeror is a company incorporated in the British Virgin Islands with limited liability. It is an investment holding company and is wholly-owned by APAC. APAC is a company incorporated on 7 August 2012 in Samoa and its principal business is investment holding, focusing on the energy sector and high growth private investments. APAC is beneficially owned as to approximately 89.6% by Mr. Hu and approximately 10.4% by the Investors (whose interests are held on trust by Mr. Hu). Mr. Hu is a PRC resident. Having a strong track record in pursuing cross-border business opportunities primarily in the energy and resources industry, Mr. Hu has substantial experience in business management and investment activity. Mr. Hu is currently a director of Bluesea Energy Holdings Limited, a limited liability company incorporated in Hong Kong principally engaged in providing consultancy services in the oil and gas related industry and in the trading of petroleum related products, including crude oil and fuel oil. Mr. Hu obtained a doctor of business administration honoris causa by Dubna International University for Nature, Society and Man in June 2013.

Independent Shareholders and the Warrantholders may refer to the "Letter from DTCFL" for further information on the Offeror and Mr. Hu.

2.2 Intentions of the Offeror in relation to itself and the Group

As set out in the Letter from DTCFL, the Offeror will from time to time review strategic options with regard to the business, structure and/or direction of the Group and may implement necessary changes arising from such review. In addition, the Offeror intends to leverage the capital market platform of the Company and the experience of Mr. Hu, which includes, but is not limited to the energy and resources industry, to explore future investment opportunities. In addition, it is the intention of the Offeror to (i) make direct investment into selected projects in the PRC and/or overseas projects; and (ii) in accordance with the current investment objectives, policies and restrictions of the Company, participate in private equity investments projects which warrant return for the Group.

Although the Offeror recognises the importance of human resources in the development of the Group's business, the Offeror intends to terminate the existing contracts of all the employees of the Group and will consider the re-employment of such employees or the employment of other employees that the Offeror considers necessary and competent to assist the Offeror to implement the business strategy of the Group. In this regard, it is the intentions of the Offeror to formulate incentive plans where appropriate to attract new talents to the Group. Save as disclosed in the section headed "Intentions of the Offeror in relation to itself and the Group" in the Letter from

DTCFL, the Offeror intends to continue with the existing business strategy of the Group to engage in investment holding and trading of financial assets designated as held for trading and any other investment opportunities that will warrant return for the Group and does not intend to introduce major changes to the Group's businesses (including redeployment of fixed assets of the Group), other than in the ordinary course of the business of the Group upon the Offer Completion.

The Offeror will conduct a review on the overall business of the Group including, among others, assets, corporate and organisational structure, investment policies and strategies, in order to consider and determine the changes, if any, following the Offer Completion, that would be necessary, appropriate and desirable, long term or short term, in order to best organise the businesses of the Group. It is the intentions of the Offeror that following the Offer Completion, the Company will continue with its current investment objectives, policies and restrictions of the Company. However, the Company may, at any time after a period of three years following the issue of the listing document, alter its investment objectives, policies and restrictions (other than those required by Rules 21.04(3)(a) and (b) of the Listing Rules) without the consent of the Shareholders in a general meeting, pursuant to Rule 21.08(3) of the Listing Rules. The Offeror will keep the Shareholders, the Warrantholders and the potential investors of the Company informed by making further announcement(s) as and when appropriate in accordance with the requirements of the Takeovers Code and Listing Rules.

The Offeror is in the process of identifying other suitable candidates for the Board. Any changes to the Board will be made in compliance with the Takeovers Code and the Listing Rules. Further announcements will be made as and when appropriate in this regard.

Given that we note that the Offeror will conduct a review on the overall business of the Group for the further development of the Group and will keep the Shareholders and investors of the Company informed by making further announcement(s) as and when appropriate in accordance with the requirements of the Takeovers Code, as at the Latest Practicable Date, we are not in any position to opine on the intentions of the Offeror on the Company.

3. Principal terms of the Offers

On 29 August 2013, the Offeror approached the Board and expressed its intention to make the Offers and on 5 September 2013, the Offeror and the Company jointly announced that DTCFL would, for and on behalf of the Offeror, make conditional voluntary cash offers to acquire all the Offer Shares and to cancel all the outstanding Warrants.

As at the Latest Practicable Date, there are 187,391,436 Shares in issue and outstanding Warrants which can be converted into 508,179 Shares with an adjusted exercise price of HK$0.39 per Share after applying the entitlement ratio of 7.8. The entitlement ratio of 7.8 reflects the adjustments to their exercise price from HK$0.05 to HK$0.39 for each warrant of the Company as a result of the bonus issue, placing and share consolidation of the Company as disclosed in the announcements of the Company dated 10 October 2012, 12 October 2012, 6 May 2013 and 20 May 2013. As such, each Warrant under the Warrant Offer can be converted into one Share with an adjusted exercise price of HK$0.39 per Share. Save as disclosed in the Composite Document, the Company has no other Shares, outstanding options, warrants, derivatives or other securities that are convertible or exchangeable into Shares or other types of equity interest of the Company as at the Latest Practicable Date.

4. The Share Offer

The Share Offer will be made by DTCFL on behalf of the Offeror on the following basis:

For each Offer Share .... HK$1.4412 in cash

The Share Offer Price is the same price per Sale Share payable by the Offeror as purchaser under the SPA. The Offer Shares acquired under the Share Offer shall be fully paid and free and clear from all Encumbrances and together with all rights attached to them as at the Closing Date, including all rights to any dividend or other distribution declared, made or paid by the Company to the Shareholders on or after the Closing Date.

The Share Offer Price of HK$1.4412 per Offer Share represents:

(i) a premium of approximately 2.2% over the closing price of HK$1.4100 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(ii) a premium of approximately 77.9% over the closing price of HK$0.8100 per Share as quoted on the Stock Exchange on the Last Trading Day;

(iii) a premium of approximately 81.1% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the 5 trading days up to and including the Last Trading Day of HK$0.7960 per Share;

(iv) a premium of approximately 85.0% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day of HK$0.7790 per Share;

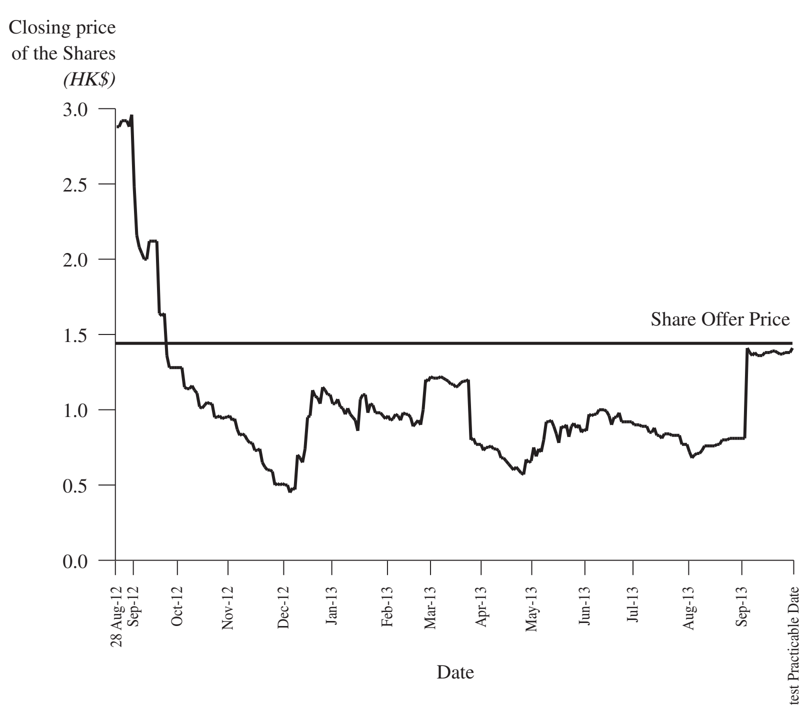
(v) a premium of approximately 84.6% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day of HK$0.7807 per Share; and

(vi) a premium of approximately 76.3% to the Company's unaudited consolidated net assets value per Share (the "**NAV**") of approximately HK$0.8177 based on the Company's unaudited consolidated net assets of HK$153,233,098 as at 30 June 2013 as extracted from the 2013 Interim Report and 187,391,436 Shares in issue as at the Latest Practicable Date.

Further details of the terms and conditions of the Share Offer, including the procedures for acceptance, are set out in the "Letter from DTCFL" and Appendix I to the Composite Document.

4.1 Historical share price performance

The chart below illustrates the closing price of the Shares during the period from 28 August 2012 to 4 October 2013 (being the 12 months period prior to the Last Trading Day and up to and including the Latest Practicable Date) (the "**Review Period**") and taking into account of the dealing of consolidated Shares on 21 May 2013 in relation to the consolidation (the "**Share Consolidation**") of every ten issued and unissued shares into one consolidated Share as set out in the circular of the Company dated 2 May 2013.



Source: website of the Stock Exchange (www.hkex.com.hk)

During the Review Period, the highest adjusted closing price and the lowest adjusted closing price of the Shares were HK$2.96 on 5 September 2012 and HK$0.45 on 6 December 2012 respectively, and the average adjusted closing price of the Share during the Review Period (the "**Average Adjusted Share Price**") was approximately HK$1.03. The Share Offer Price represents (i) a discount of approximately 51.31% to the highest adjusted closing price of the Shares during the Review Period; (ii) a premium of approximately 220.27% to the lowest adjusted closing price of the Shares during the Review Period; and (iii) a premium of approximately 39.92% to the Average Adjusted Share Price. In addition, as set out in the Letter from DTCFL, the Share Offer Price also represents a premium of approximately 77.9% over the closing price of HK$0.8100 per Share as quoted on the Stock Exchange on the Last Trading Day.

We note that between 1 August 2012 to 6 December 2012, the adjusted closing price of the Shares fell from HK$2.88 to HK$0.45 and for 20 consecutive trading days from 28 August 2012 to 24 September 2012, the adjusted closing price of the Shares was above the Share Offer Price. During the period between 1 August 2012 to 6 December 2012, the Company published (i) its interim results for the six months ended 30 June 2012 on 24 August 2012 in which the Company reported a loss before taxation of approximately HK$82.3 million; and (ii) the announcement dated 24 August 2012 in relation to the proposed bonus issues, which may be price-sensitive in nature. Notwithstanding the abovementioned, the adjusted closing price of the Shares had been trading at a premium to the Share Offer Price prior to 24 September 2012 during the Review Period, being more than 10 months preceding the Last Trading Day, and has been trading at a discount to the Share Offer Price since 25 September 2012 up to the Last Trading Day.

We also noted that (i) during the Review Period, the Company had published two announcements dated 11 January 2013 and 15 July 2013 in relation to profit warnings; (ii) save for the financial year ended 31 December 2009, the Company has not recorded any profit since its IPO; and (iii) the Company has not paid any cash dividend since its IPO.

We would like to remind the Shareholders that although the Share Offer Price represents a premium over the closing price of the Shares on the Latest Practicable Date, there is no guarantee that the trading price of the Shares will remain below the Share Offer Price during and after the Offer Period. The Shareholders, in particular those who may wish to realise their investments in the Shares, are thus reminded to closely monitor the market price of the Shares during the period in which the Offers remain open for acceptance.

In addition, we have compared the Share Offer Price with the NAV of approximately HK$0.8177 based on the Company's unaudited consolidated net assets of HK$153,233,098 as at 30 June 2013 as extracted from the 2013 Interim Report and 187,391,436 Shares in issue as at the Latest Practicable Date. We noted that the Share Offer Price of HK$1.4412 per Offer Share represents a premium of approximately 76.25% over the NAV and therefore, we consider the Share Offer Price to be favourable as far as the Independent Shareholders are concerned.

4.2 Liquidity of the Shares

In order to consider the liquidity of the Shares, we have reviewed the historical trading volume of the Shares during the Review Period. The average daily trading volume of the Shares and the percentages of average daily trading volume of the Shares as compared to the then total number of issued Shares during the Review Period are shown in the table below.

Month/Period	**Average daily trading volume** *(Shares)*	**Approximate % of average daily trading volume to the then total number of issued Shares** *(Note 1)* *(%)*
2012		
28 August to 31 August	4,995,300	0.39%
September	18,682,467	1.43%
October	11,191,817	0.69%
November	15,217,354	0.93%
December	68,257,744	4.18%
2013		
January	22,631,685	1.39%
February	8,788,729	0.54%
March	33,371,202	2.05%
April	6,498,815	0.40%
May	11,976,805	0.76%
June	78,019	0.04%
July	24,844	0.01%
August	42,789	0.02%
September	1,101,460	0.59%
October (up to and including the Latest Practicable Date)	123,333	0.07%

Source: website of the Stock Exchange (www.hkex.com.hk)

Note:

1. Based on (i) issued share capital as disclosed in the monthly return of the Company on movements in securities of the Company; and (ii) after taking into account of the Share Consolidation as set out in the circular of the Company dated 2 May 2013 and effective on 21 May 2013.

During the Review Period and before publication of the Announcement, the monthly average daily trading volume of the Shares ranged from approximately 0.01% to approximately 4.18%. We note that the unusually high monthly average daily trading volume of approximately 68,257,744 Shares in December 2012 during the Review Period, was mainly due to unusual price and trading volume movements of the Shares on 11 December 2012 as announced by the Company on the same date, when 379,391,400 Shares (equivalent to approximately 23.25% of the then total number of issued Shares) were traded. Save for such movement of the Shares in December 2012, during the Review Period and before publication of the Announcement, the monthly average daily trading volume ranged from approximately 0.01% to approximately 2.05%. Therefore, we consider the liquidity of the Shares during the Review Period and before publication of the Announcement generally to be low.

We note that following the publication of the Announcement and the resumption of trading in Shares on 6 September 2013, trading volume of the Shares increased to 15,384,887 Shares on 6 September 2013, which represents (i) approximately 8.21% of the then total number of issued Shares as at 6 September 2013; and (ii) approximately 359.55 times increase when compared with the monthly average daily trading volume in August 2013. We also note that the monthly average daily trading volume in the same month of last year (i.e. September 2012) was approximately 1.43%. Although the percentage of trading volume of the Shares following the publication of the Announcement and the resumption of trading in Shares on 6 September 2013 as compared to its then total number of issued Shares is substantially higher than those percentages of average daily trading volume as compared to the then total number of issued Shares in the Review Period, we believe that such increase is likely attributable to the market reaction to the Offers and the sustainability of the higher trading volume level could be, therefore, uncertain.

As discussed in the second paragraph of this section, the overall liquidity of the Shares during the Review Period has generally been low (save for trading volume of the Shares on 11 December 2012). Independent Shareholders who wish to realise part or all of their investments in the Shares through disposal in the market, especially those with large block of Shares, should note that there may not be sufficient trading volume to absorb the amount of Shares intended to be sold without exerting significant downward pressure on the price of Shares. Therefore, we consider that the Share Offer provides an alternative for the Independent Shareholders to realise their investment in the Shares. Nevertheless, Independent Shareholders who intend to dispose part or all of their Shares are reminded to closely monitor the market price and the liquidity of the Shares during the period in which the Share Offer remains open for acceptance.

4.3 Comparable analysis

In order to assess the fairness and reasonableness of the Share Offer Price, we have tried to identify companies as relevant comparables to the Company based on the following criteria: (i) listed on the Main Board of the Stock Exchange as an investment company under Chapter 21 of the Listing Rules; (ii) engaged in investment activities that are similar to that of the Group; (iii) with a positive net asset value recorded in the latest audited financial statement; and (iv) with market capitalisation below HK$600 million (together the "**Criteria**"). Based on the Criteria, we have identified, to the best of our knowledge, an exhaustive list of 10 companies (the "**Comparable Companies**"), namely (i) OP Financial Investments Limited ("**OP Financial**"); (ii) China Innovation Investment Limited ("**China Innovation**"); (iii) Unity Investments Holdings Limited ("**Unity Investments**"); (iv) Mastermind Capital Limited ("**Mastermind Capital**"); (v) China Investment Development Limited ("**China Investment Development**"); (vi) National Investments Fund Limited ("**National Investments Fund**"); (vii) Capital VC Limited ("**Capital VC**"); (viii) Opes Asia Development Limited ("**Opes Asia Development**"); (ix) Grand Investment International Ltd ("**Grand Investment International**"); and (x) Earnest Investments Holdings Limited ("**Earnest Investments**").

As (i) the Company recorded a loss for the financial year ended 31 December 2012; and (ii) the Company has not paid any cash dividend since its IPO, we consider that the price-to-book ratio ("**P/B ratio(s)**"), which is calculated by dividing the market capitalisation as at the Latest Practicable Date by the latest audited net asset value, is applicable for such comparable analysis.

The list of the aforesaid Comparable Companies and their respective P/B ratios are set out below:

Stock code	Company name	Principal business	Market capitalisation as at the Latest Practicable Date *(HK$' million)*	Latest audited net asset value *(HK$' million)*	P/B ratio *(approximately)*
1140	OP Financial	To achieve earnings in the form of medium to long term capital appreciation through investing in a diversified portfolio of global investments in listed and unlisted enterprises	527.18	1,273.66	0.41
1217	China Innovation	To achieve short and medium-term capital appreciation by investing in listed and unlisted companies mainly in Hong Kong and the PRC	181.46	306.70	0.59
913	Unity Investments	Investment in listed securities in Hong Kong and other main stock markets around the world and also in unlisted companies	195.59	240.32	0.81
905	Mastermind Capital	Investment in listed and unlisted companies in Hong Kong and in the PRC	162.64	42.16	3.86
204	China Investment Development	Investment holding for medium to long-term capital appreciation purposes, and investment in listed and unlisted securities	188.33	34.09	5.52
1227	National Investments Fund	Investment in listed and unlisted companies	104.48	209.88	0.50
2324	Capital VC	Investment in a diversified portfolio of listed and unlisted companies in Hong Kong and the PRC	109.00	369.72	0.29
810	Opes Asia Development	Investment in listed and unlisted companies	73.63	86.92	0.85

Stock code	Company name	Principal business	Market capitalisation as at the Latest Practicable Date *(HK$' million)*	Latest audited net asset value *(HK$' million)*	P/B ratio *(approximately)*
1160	Grand Investment International	Investing in listed and unlisted enterprises established in Hong Kong, the PRC and Macau	89.86	50.83	1.77
339	Earnest Investments	Investment and trading of listed and unlisted companies	38.88	41.63	0.93
901	The Company	Investments in listed and unlisted securities primarily in Hong Kong	264.22	186.18	1.42
				Maximum	5.52
				Minimum	0.29
				Average	1.54
				The Share Offer *(Note 1)*	**1.45**

Source: website of the Stock Exchange (www.hkex.com.hk)

Note:

1. As set out in the 2012 Annual Report, the Group's latest audited net asset value was approximately HK$186.18 million as at 31 December 2012. Based on the price per Sale Share payable by the Offeror as purchaser under the SPA and the Share Offer Price of HK$1.4412 per Offer Share and 187,391,436 Shares in issue as at the Latest Practicable Date, the valuation of the SPA and the Share Offer was approximately HK$270.07 million assuming no conversion of outstanding Warrants into Shares. Hence, the P/B ratio of the Group implied by the Share Offer Price of HK$1.4412 per Offer Share is approximately 1.45 times.

As shown in the above table, the P/B ratio of the Comparable Companies ranged from approximately 0.29 times to approximately 5.52 times, with an average of approximately 1.54 times. We note that the P/B ratio implied by the Share Offer Price to the latest audited consolidated net asset value of the Company of approximately 1.45 times is approximately 5.84% lower than the average P/B ratio of the Comparable Companies. However, since it (i) falls within the range of the P/B ratio of the Comparable Companies; and (ii) is higher than the P/B ratio of the Company of approximately 0.82 time as at the Last Trading Day, we consider the Share Offer Price of HK$1.4412 per Offer Share to be fair and reasonable so far as the Independent Shareholders are concerned.

5. The Warrant Offer

The Warrant Offer will be made by DTCFL on behalf of the Offeror on the following basis:

For cancellation of each outstanding Warrant . . . . HK$1.0512 in cash

The Warrant Offer is conditional upon the Share Offer having become or having been declared unconditional in all respects. The Warrant Offer Price of HK$1.0512 per Warrant represents the difference between the Share Offer Price of HK$1.4412 per Offer Share and the adjusted exercise price of the Warrants of HK$0.39 per Share. As jointly announced by the Offeror and the Company on 9 September 2013, the Warrantholders should take note that the unit of the Warrants under the Warrant Offer is not the same as the unit of the warrants traded on the Stock Exchange.

As at the Latest Practicable Date, there are outstanding Warrants which can be converted into 508,179 Shares with an adjusted exercise price of HK$0.39 per Share after applying the entitlement ratio of 7.8. According to the report of the CCASS, there were 3,963,800 warrants of the Company traded on the Stock Exchange under warrant code: 1307 as at the Latest Practicable Date, which would equal 508,179 Warrants after applying and adjusting by the entitlement ratio of 7.8. For illustrative purpose, the price for cancellation of each warrant of the Company traded on the Stock Exchange under warrant code: 1307 as at the Latest Practicable Date is approximately HK$0.1348.

Following acceptance of the Warrant Offer, the Warrants together with all rights attached thereto will be entirely cancelled and renounced. Fractions of Warrants tendered will not be taken up and will be cancelled and renounced. Warrants that are not tendered for acceptance under the Warrant Offer will not be deemed to have lapsed as a result of the closing of the Warrant Offer.

In order to consider the liquidity of the warrants of the Company, we have reviewed the historical trading volume of the warrants of the Company during the Review Period. The average daily trading volume of the warrants and the percentages of average daily trading volume of the warrants as compared to the then total outstanding number of issued warrants of the Company during the Review Period are shown in the table below.

Month / Period	**Average daily trading volume** *(warrants)*	**Approximate % of average daily trading volume to the then total number of issued warrants** *(Note 1)* *(%)*
2012		
28 August to 31 August	33,333	0.79%
September	6,000	0.14%
October	2,000	0.05%
November	0	0.00%
December	3,705	0.09%
2013		
January	231	0.01%
February	14,000	0.33%
March	0	0.00%
April	0	0.00%
May	238	0.01%
June	0	0.00%
July	0	0.00%
August	0	0.00%
September	95,957	2.42%
October (up to and including the Latest Practicable Date)	186,667	4.71%

Source: website of the Stock Exchange (www.hkex.com.hk) and Bloomberg

Note:

1. The total number of issued warrants of the Company is based on the total number of outstanding warrants at the end of respective month.

As illustrated in the table above, we note that during the Review Period and before the publication of the Announcement, the Company did not record any or only recorded a low level of trading volume of the warrants. During the Review Period and before publication of the Announcement, the monthly average daily trading volume of the warrants ranged from approximately nil to approximately 0.79%. Therefore, we consider the liquidity of the warrants of the Company during the Review Period and before publication of the Announcement to be generally low.

Given that (i) the Warrant Offer Price of HK$1.0512 per Warrant is equal to the difference between the adjusted exercise price of the Warrants of HK$0.39 per Share and the Share Offer Price of HK$1.4412 per Offer Share; (ii) the P/B ratio implied by the Share Offer Price to the latest audited consolidated net asset value of the Company of approximately 1.45 times falls within the range of the P/B ratio of the Comparable Companies and is higher than the P/B ratio of the Company of approximately 0.82 time as at the Last Trading Day as set out under the paragraph headed "4.3 Comparable analysis" above; and (iii) the generally low liquidity of the warrants of the Company, we are of the view that the Warrant Offer Price of HK$1.0512 per Warrant is fair and reasonable so far as the Warrantholders are concerned.

The Independent Shareholders, the Warrantholders and potential investors should be aware that the Offers are subject to the Offers Conditions being fulfilled and thus the Offers may or may not become unconditional. The Independent Shareholders and the Warrantholders, in particular those who intend to accept the Offers, are reminded to note the recent fluctuation in the price of the Share and warrant of the Company after the release of the Announcement, and that there is no guarantee that the current market price of the Shares and warrants of the Company will or will not be sustained and will or will not be higher than the Share Offer Price and the Warrant Offer Price respectively during and after the close of the Offers. The Independent Shareholders and the Warrantholders who intend to accept the Offers are reminded to closely monitor the market price and the liquidity of the Shares and the warrants of the Company during the period of the Offers remain open for acceptance and shall, having regard to their own circumstances, consider exercising the conversion right attached to the Warrants to convert them into Shares and/or selling the Shares (as the case may be) in the open market, instead of accepting the Offers, if the net proceeds from the sale of such Shares in the open market would be higher than that receivable under the Offers.

V. RECOMMENDATION

Taking into consideration the above-mentioned principal factors and reasons of the Offers, being:

(i) the Company has not recorded any profit for the two financial years ended 31 December 2012;

(ii) the Company has not declared any cash dividend for the three financial years ended 31 December 2012;

(iii) the trading liquidity of the Shares has been thin during the Review Period in general;

(iv) the Share Offer Price represents a premium of approximately 77.9% over the closing price of HK$0.8100 per Share as quoted on the Stock Exchange on the Last Trading Day;

(v) the Share Offer Price represents a premium of approximately 76.25% to the NAV of approximately HK$0.8177 based on the Company's unaudited consolidated net assets of HK$153,233,098 as at 30 June 2013 as extracted from the 2013 Interim Report and 187,391,436 Shares in issue as at the Latest Practicable Date;

(vi) the P/B ratio implied by the Share Offer Price to the latest audited consolidated net asset value of the Company falls within the range of the P/B ratio of the Comparable Companies;

(vii) the P/B ratio implied by the Share Offer Price to the latest audited consolidated net asset value of the Company of 1.45 times is higher than that of 0.82 times as at the Last Trading Day;

(viii) the Warrant Offer Price of HK$1.0512 per Warrant is equal to the difference between the adjusted exercise price of the Warrants of HK$0.39 per Share and the Share Offer Price of HK$1.4412 per Offer Share; and

(ix) the generally low liquidity of the warrants of the Company,

we are of the opinion that the Offers are fair and reasonable so far as the Independent Shareholders and the Warrantholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders and the Warrantholders to accept the Offers.

Yours faithfully
For and on behalf of
Investec Capital Asia Limited
Alexander Tai
Managing Director,
Head of Corporate Finance

1. PROCEDURES FOR ACCEPTANCE OF THE OFFERS

(i) The Share Offer

General procedures for acceptance

To accept the Share Offer, you should complete and sign the accompanying Form of Share Offer Acceptance in accordance with the instructions printed thereon, which form part of the terms of the Share Offer. The instructions set out in this Composite Document should be read together with the instructions printed on the Form of Share Offer Acceptance (which form part of the terms of the Share Offer).

If the Title Document(s) in respect of your Shares is/are in your name, and you wish to accept the Share Offer, you must deliver the duly completed and signed Form of Share Offer Acceptance together with the relevant Title Document(s) by post or by hand, to the Registrar, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, in any event not later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce with the consent of the Executive in accordance with the Takeovers Code.

No Form of Share Offer Acceptance received after the latest time for acceptance (or such later time and/or date as the Offeror may determine and announce with the consent of the Executive in accordance with the Takeovers Code) will be accepted.

Nominee holdings

If the Title Document(s) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Share Offer in respect of your holding of Shares (whether in full or in part), you must either:

(a) lodge your Title Document(s) with the nominee company, or other nominee and with instructions authorising it to accept the Share Offer on your behalf and requesting it to deliver the duly completed and signed Form of Share Offer Acceptance together with the relevant Title Document(s) for the number of Shares in respect of which you intend to accept the Share Offer to the Registrar; or

(b) arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver the duly completed and signed Form of Share Offer Acceptance together with the relevant Title Document(s) to the Registrar; or

(c) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Share Offer on your behalf on or before the deadline set out by HKSCC Nominees Limited. In order to meet the deadline set out by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or

(d) if your Shares have been lodged with your investor participant's account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.

Shareholders whose Shares are held by a nominee company should note that the nominee company will be regarded as a single Shareholder according to the Registrar.

Shareholders whose Shares are held by nominee(s) should ensure that they undertake the above applicable course of action promptly so as to allow their nominee(s) sufficient time to complete the acceptance procedure on their behalf by the latest acceptance time.

Recent transfers

If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your Share certificate(s), and you wish to accept the Share Offer in respect of your Shares, you should nevertheless complete and sign the Form of Share Offer Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will constitute an irrevocable authority to the Offeror and/or DTCFL or their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant Share certificate(s) when issued and to deliver such Share certificates to the Registrar on your behalf and to authorise and instruct the Registrar to hold such Share certificate(s), subject to the terms and conditions of the Share Offer, as if it was/they were delivered to the Registrar with the Form of Share Offer Acceptance.

Lost or unavailable share certificates

If the Title Document(s) in respect of your Shares is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Share Offer in respect of your Shares, the Form of Share Offer Acceptance should nevertheless be completed and delivered to the Registrar together with a letter stating that you have lost one or more of your Title Document(s) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, the relevant Title Document(s) should be forwarded to the Registrar as soon as possible thereafter.

If you have lost your Title Document(s), you should also write to the Registrar for a letter of indemnity in respect of the lost Title Document(s) which, when completed in accordance with the instructions given, should be returned to the Registrar together with the Form of Share Offer Acceptance and any Title Document(s) which are available, to the Registrar either by post or by hand. In such case, such Shareholder will be informed of the fees payable to the Registrar for which he/she will be responsible.

Additional Form(s) of Acceptance

If a Shareholder has lost the accompanying Form of Share Offer Acceptance or such original form has become unusable, and requires a replacement of such form, he/she should write to the Registrar or visit the Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, and request an additional Form of Share Offer Acceptance. Alternatively, he/she could download it from the website of the Stock Exchange at http://www.hkexnews.hk/ or the Company's website at http://www.radfordcap.com.

Others

(a) If the Form of Share Offer Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority (e.g. grant of probate or certified copy of a power of attorney) to the satisfaction of the Registrar must be produced.

(b) No acknowledgement of receipt of any Form of Share Offer Acceptance or Title Document(s) will be given.

(ii) The Warrant Offer

(a) If the warrant certificate(s) and/or transfer receipt(s) and/or any other document(s) of title in respect of your Warrant(s) are in your name, and you wish to accept the Warrant Offer, you must deliver the duly completed and signed Form of Warrant Offer Acceptance together with the relevant warrant certificate(s) and/or transfer receipt(s) and/or any other document(s) of title and/or any indemnity or indemnities required in respect thereof, for such amount of Warrants in respect of which you wish to accept the Warrant Offer by post or by hand, to the Registrar, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible, and in any event not later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce with the consent of the Executive in accordance with the Takeovers Code.

No Form of Warrant Offer Acceptance received after the latest time for acceptance (or such later time and/or date as the Offeror may determine and announce with the consent of the Executive in accordance with the Takeovers Code) will be accepted.

(b) If the warrant certificate(s) and/or transfer receipt(s) and/or any other document(s) of title in respect of your Warrant(s) is/are in the name of a nominee company or some name other than your own and you wish to accept the Warrant Offer whether in full or in respect of part of your holding of Warrants, you must either:

(1) lodge your warrant certificate(s) and/or transfer receipt(s) and/or any other document(s) of title, with the nominee company, or other nominee, and with instructions authorising it to accept the Warrant Offer on your behalf and requesting it to deliver the duly completed and signed Form of Warrant Offer Acceptance together with the relevant warrant certificate(s) and/or transfer receipt(s) and/or any other document(s) of title to the Registrar; or

(2) arrange for the Warrant to be registered in your name by the Company and deliver the duly completed and signed Form of Warrant Offer Acceptance together with the relevant warrant certificate(s) and/or transfer receipt(s) and/or any other document(s) of title to the Registrar.

(c) If the warrant certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Warrants is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Warrant Offer, the Form of Warrant Offer Acceptance should nevertheless be completed and delivered to the Registrar together with a letter stating that you have lost one or more of your warrant certificate(s) and/or transfer receipts and/or other document(s) of title or that it/they is/are not readily available. If you find such document(s) or if it/they become available, it/they should be forwarded to the Registrar as soon as possible thereafter. If you have lost your warrant certificate(s) and/or transfer receipt(s) and/or any other document(s) of title, you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instruction given, should be returned to the Registrar.

(d) If you have lodged transfer(s) of any of your Warrants for registration in your name and have not yet received your warrant certificate(s), and you wish to accept the Warrant Offer, you should nevertheless complete and sign the Form of Warrant Offer Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable authority to any of the Offeror, DTCFL or their respective agent(s) to collect from the Registrar on your behalf the relevant warrant certificate(s) when issued and to deliver such warrant certificates to the Registrar on your behalf and to authorise and instruct the Registrar to hold such warrant certificate(s), subject to the terms and conditions of the Warrant Offer, as if it/they was/were delivered to the Registrar with the Form of Warrant Offer Acceptance.

(e) Acceptance of the Warrant Offer may not be counted as valid unless:

(1) it is received by the Registrar on or before the latest time for acceptance on the Closing Date at 4:00 p.m. (or such later time and/or date as the Offeror may determine and announce with the consent of the Executive) and the Registrar has recorded that the acceptance and any relevant documents required under paragraph (2) below have been so received; and

(2) the Form of Warrant Offer Acceptance is duly completed and signed and is: (A) accompanied by warrant certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the relevant Warrants and, if that/those warrant certificate(s) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Warrants in blank or in favour of the accepting Warrantholders executed by the registered holder) in order to establish your right to become the registered holder of the relevant Warrants; or (B) from a registered Warrantholder or his personal representatives only to the extent of the amount of his registered holding acceptance of which not being taken into account under the other subparagraphs of this paragraph (e)); or (C) certified by the Registrar or the Stock Exchange.

(f) If the Form of Warrant Offer Acceptance is executed by a person other than the registered Warrantholder, appropriate documentary evidence of authority (e.g. grant of probate or certified copy of a power of attorney) to the satisfaction of the Registrar must be produced.

(g) No acknowledgement of receipt of any Form of Warrant Offer Acceptance, warrant certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

2. SETTLEMENT OF THE OFFERS

(i) The Share Offer

Provided that a valid Form of Share Offer Acceptance and the relevant Title Document(s) are complete and in good order in all respects and have been received by the Registrar no later than the latest time for acceptance of the Share Offer (or such later time and/or date as the Offeror may determine and announce with the consent of the Executive in accordance with the Takeovers Code), a cheque for the amount due to each of the accepting Shareholders less seller's ad valorem stamp duty in respect of the Offer Shares tendered by him under the Share Offer will be despatched to such Shareholder by ordinary post at his own risk as soon as possible but in any event within 7 Business Days following the later of the date on which the Offers become, or are declared, unconditional and the date on which all the relevant Title Documents are received by the Registrar to render such acceptance complete and valid.

(ii) The Warrant Offer

Provided that a valid Form of Warrant Offer Acceptance and relevant warrant certificate(s) and/or transfer receipt(s) and/or any document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are complete and in good order in all respects and have been received by the Registrar by not later than the latest time for acceptance of the Warrant Offer (or such later time and/or date as the Offeror may determine and announce with the consent of the Executive in accordance with the Takeovers Code), a cheque for the amount due to the accepting Warrantholders in respect of the Warrants tendered by them under the Warrant Offer will be despatched to the accepting Warrantholders to the addresses specified on the Form of Warrant Offer Acceptance by ordinary post at their own risk as soon as possible but in any event within 7 Business Days following the later of the date on which the Offers become, or are declared, unconditional and the date on which all the relevant warrant certificate(s) and/or transfer receipt(s) and/or any document(s) of title are received by the Registrar to render such acceptance complete and valid.

Settlement of the consideration to which any accepting Shareholders and/or Warrantholders is entitled under the Offers will be implemented in full in accordance with the terms of the Offers (save with respect of the payment of seller's ad valorem stamp duty for the Share Offer), without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Shareholders and/or Warrantholders.

3. ACCEPTANCE PERIOD AND REVISIONS

(i) Unless the Offers have previously been extended in accordance with the Takeovers Code, all Form(s) of Acceptance must be received by 4:00 p.m. on the Closing Date in accordance with the instructions printed on the relevant Form(s) of Acceptance and the Offers will be closed on the Closing Date.

(ii) If the Offers are extended or revised, the announcement of such extension or revision will state the next Closing Date or that the Offers will remain open until further notice. In the latter case, at least 14 days' notice in writing will be given before the Offers are closed to the Shareholders and the Warrantholders who have not accepted the Share Offer and the Warrant Offer (as the case may be), and an announcement will be released.

If the Offeror revises the terms of the Offers, all Shareholders and the Warrantholders, whether or not they have already accepted the Offers, will be entitled to accept the revised Offers under the revised terms. The revised Offers must be kept open for at least 14 days following the date on which the revised offer document is posted.

(iii) If the Closing Date is extended, any reference in this Composite Document and in the Form(s) of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the Closing Date so extended.

4. ANNOUNCEMENTS

(i) By 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision, extension, expiry or unconditionality of the Offers. The Offeror must publish an announcement on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating whether the Offers have been revised or extended, have expired or have become or been declared unconditional (and, in such case, whether as to acceptances or in all respects). The announcement must state the following:

(a) the total number of (i) Shares for which valid acceptances of the Share Offer; and (ii) the Warrants for which valid acceptances of the Warrant Offer, have been received;

(b) the total number of Shares and Warrants held, controlled or directed by the Offeror or persons acting in concert with it before the Offer Period; and

(c) the total number of Shares and Warrants acquired by the Offeror or its Concert Parties during the Offer Period.

The announcement must include details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror or its Concert Parties has borrowed or lent, save for any borrowed securities which have been either on-lent or sold.

The announcement must also specify the percentages of the issued share capital of the Company and the percentages of voting rights of the Company represented by these numbers of Shares.

(ii) In computing the total number of Shares and Warrants represented by acceptances, only valid acceptances that have been received by the Registrar no later than 4:00 p.m. on the Closing Date shall be included.

(iii) As required under the Takeovers Code, all announcements in respect of Offers will be made in accordance with the requirements of the Listing Rules.

5. RIGHT OF WITHDRAWAL

(i) Acceptance to the Offers tendered by the Shareholders and the Warrantholders, as the case may be, shall be irrevocable and cannot be withdrawn, except in the circumstances set out in (ii) below, or in compliance with Rule 17 of the Takeovers Code which provides that the accepting Shareholders and/or the accepting Warrantholders shall be entitled to withdraw his acceptance after 21 days from the first Closing Date, if the Offers have not by then become unconditional as to acceptance.

(ii) Save as aforesaid, acceptances of the Offers by the Shareholders and the Warrantholders shall be irrevocable and cannot be withdrawn except in the circumstances set out in Rule 19.2 of the Takeovers Code. Under Rule 19.2 of the Takeovers Codes, such accepting Shareholders and/or accepting Warrantholders may withdraw his acceptance by lodging a notice in writing signed by him (or his agent duly appointed in writing and evidence of whose appointment is produced together with the notice) to the Registrar. If the Offeror is unable to comply with any of the requirements of making announcements relating to the Offers as described under the paragraph headed "Announcements" above, the Executive may require that the Shareholders and the Warrantholders who have tendered acceptances to the Offers, as the case may be, be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that paragraph are met.

If the Offers are withdrawn with the consent of the Executive in accordance with the Takeovers Code, the Title Documents in respect of Shares lodged with the Form of Share Offer Acceptance will be returned to the relevant Shareholder(s) by the Registrar and the Form of Warrant Offer Acceptance and the relevant title document(s) will be returned to the relevant Warrantholder(s) by the Registrar.

6. OVERSEAS SHAREHOLDERS AND OVERSEAS WARRANTHOLDERS

The availability of the Offers to Overseas Shareholders and/or Overseas Warrantholders may be prohibited or affected by the laws of the relevant jurisdictions. Overseas Shareholders and/or Overseas Warrantholders should obtain appropriate legal advice on, inform themselves about and observe any applicable legal requirements. It is the responsibility of each Overseas Shareholders and/or Overseas Warrantholders who wishes to accept the Offers to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including but not limited to the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required in compliance with all necessary formalities, regulatory and/or legal requirements. Overseas Shareholders and Overseas Warrantholders will also be fully responsible for the payment of any transfer or other taxes and duties by whomsoever payable in respect of all relevant jurisdictions. The Offeror, DTCFL, the Company and all persons involved in the Offers shall be entitled to be fully indemnified and held harmless by the Overseas Shareholders and/or Overseas Warrantholders for any taxes as they may be required to pay. Acceptances of the Offers by any such person will be deemed to constitute a representation and warranty by such person that such person is permitted under all applicable laws to receive and accept the Offers and any revision thereof, and such acceptance shall be valid and binding in accordance with all applicable laws.

The Offeror will extend the Offers, and despatch this Composite Document with the accompanying Form(s) of Acceptance, to all Independent Shareholders and Warrantholders, including the Overseas Shareholders and Overseas Warrantholders, if applicable. As at the Latest Practicable Date, the Company has no Overseas Shareholder nor Overseas Warrantholder.

7. TAXATION

Shareholders and Warrantholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their acceptance of the Offers. None of the Offeror and its Concert Parties, DTCFL, the Company, the Registrar or any of their respective directors or any persons involved in the Offers accepts responsibility for any tax effects or liabilities of any person or persons as a result of their acceptance of the Offers.

8. GENERAL

(i) All communications, notices, Form(s) of Acceptance, Title Document(s), warrant certificate(s) and/or transfer receipt(s) and/or any other document(s) of title in respect of the Warrant(s) and remittances to settle the consideration payable under the Offers to be delivered by or sent to or from the Shareholders and/or the Warrantholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk, and none of the Company, the Offeror, Concert Parties, DTCFL, the Registrar or any of their respective agents or directors or other parties involved in the Offers, accepts any liability for any loss in postage or any other liabilities that may arise as a result thereof.

(ii) The provisions set out in the accompanying Form(s) of Acceptance form part of the terms of the Offer.

(iii) The accidental omission to despatch this Composite Document and/or Form(s) of Acceptance or any of them to any person to whom the Offers are made will not invalidate the Offers in any way.

(iv) The Offers and all acceptances will be governed by and construed in accordance with the laws of Hong Kong.

(v) Due execution of the Form(s) of Acceptance will constitute an authority to the Offeror, or such person or persons as the Offeror may direct to complete and execute any document on behalf of the person or persons accepting the Offers and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror or such person or persons as it may direct the Shares, and/or cancelling the Warrants in respect of which such person or persons has accepted the Offers.

(vi) Acceptance of the Share Offer or the Warrant Offer (as the case may be) by any person or persons will be deemed to constitute a warranty by such person or persons to the Offeror and the Company:

(a) that such Offer Shares acquired under the Share Offer or Warrants acquired under the Warrant Offer are sold by the Shareholders or the Warrantholders free from all third party rights, liens, claims, charges, equities and encumbrances and together with all rights accruing or attaching thereto on the Closing Date or subsequently becoming attached to them, including, without limitation, in the case of the Shares, the rights to receive all future dividends and/or other distributions declared, paid or made, if any, on or after the Closing Date; and

(b) that if such Shareholder or Warrantholder accepting the Offers is an Overseas Shareholder or an Overseas Warrantholder, he has observed the laws of all relevant territories, obtained all requisite governmental, exchange control or other consents, complied with all requisite formalities or legal requirements and paid any issue, transfer or other taxes or other required payments due from him in connection with such acceptance in any territory, that he has not taken or omitted to take any action which will or may result in the Offeror or DTCFL or the Company or any other person acting in breach of the legal or regulatory requirements of any territory in connection with the Share Offer or the Warrant Offer (as the case may be) or his acceptance thereof, and is permitted under all applicable laws to accept the Share Offer or the Warrant Offer (as the case may be) and any revision thereof, and that such acceptance is valid and binding in accordance with all applicable laws.

(vii) Acceptance of the Share Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Shares it has indicated in the Form of Share Offer Acceptance is the aggregate number of Shares for which such nominee has received authorisations from the beneficial owners to accept the Share Offer on their behalf.

(viii) Reference to the Offers in this Composite Document and in the Form(s) of Acceptance shall include any extension or revision thereof.

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

The following is a summary of the financial results of the Group for the last three financial years ended 31 December 2012, extracted from the relevant published audited financial statements of the Company audited by HLM CPA Limited for the year ended 31 December 2012 and HLM & Co. for the years ended 31 December 2011 and 2010; and for the six months ended 30 June 2013 as extracted from the published unaudited interim financial statements of the Company. There is no qualification contained in the auditors' report in respect of the audited financial statements of the Group for each of the last three financial years.

The Group did not have any minority interests or items which are exceptional because of size, nature or incidence during the three years ended 31 December 2012 and the six months ended 30 June 2013. Save for the bonus issue of one bonus share for every four existing shares held by the members whose names were on the register of members of the Company on 10 October 2012, the Board did not declare any dividend during each of the three years ended 31 December 2012 and the six months ended 30 June 2013.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June	For the year ended 31 December		
	2013	2012	2011	2010
	(Unaudited)	(Audited)	(Audited)	(Audited)
	HK$	*HK$*	*HK$*	*HK$*
Revenue	495,964	1,113,316	130,931	392,662
Net realised loss on disposal of financial assets designated as held for trading	(462,343)	(20,375,787)	(85,723,224)	(19,505,894)
Net unrealised loss on financial assets designated as held for trading	(42,241,746)	(39,101,747)	(115,020,741)	(21,849,356)
Loss on disposal of a subsidiary	(250,000)	–	–	–
Other operating income	4,817	2,191,796	1,057,271	1,121,588
Administrative and other operating expenses	(5,595,040)	(16,817,947)	(12,325,231)	(7,997,108)
Loss from operations	(48,048,348)	(72,990,369)	(211,880,994)	(47,838,108)
Finance costs	(145,330)	(753,652)	(2,035,177)	(209,615)
Loss before taxation	(48,193,678)	(73,744,021)	(213,916,171)	(48,047,723)
Taxation	–	–	–	–
Loss for the period/year attributable to members	(48,193,678)	(73,744,021)	(213,916,171)	(48,047,723)
Other comprehensive income	–	–	–	–
Total comprehensive loss attributable to members	(48,193,678)	(73,744,021)	(213,916,171)	(48,047,723)
Loss per share				
Basic and diluted	(0.28)	(0.057)	(0.798)	(0.539)

2. UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2013

The following contains the published unaudited condensed consolidated financial statements of the Group together with accompanying notes as extracted from the interim report of the Company for the six months ended 30 June 2013. Terms adopted to in this section refer to terms defined in the aforesaid interim report and may not be the same as those defined in the section headed "Definition" in this Composite Document.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2013

		For the six months ended 30 June	
		2013	**2012**
		(Unaudited)	(Unaudited)
	Notes	*HK$*	*HK$*
Revenue	*(3)*	495,964	1,103,500
Net realised loss on disposal of financial assets designated as held for trading		(462,343)	(11,529,454)
Net unrealised loss on financial assets designated as held for trading		(42,241,746)	(61,888,844)
Loss on disposal of a subsidiary	*(5)*	(250,000)	–
Other operating income		4,817	2,190,751
Administrative and other operating expenses		(5,595,040)	(11,444,064)
Loss from operations	*(6)*	(48,048,348)	(81,568,111)
Finance costs	*(7)*	(145,330)	(729,946)
Loss before taxation		(48,193,678)	(82,298,057)
Taxation	*(8)*	–	–
Loss for the period attributable to members		(48,193,678)	(82,298,057)
Other comprehensive income		–	–
Total comprehensive loss attributable to members		(48,193,678)	(82,298,057)
Loss per share	*(10)*		
Basic and diluted		(0.28)	(0.85)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2013

	Notes	At 30 June 2013 (Unaudited) HK$	At 31 December 2012 (Audited) HK$
Non-current asset			
Property, plant and equipment	*(11)*	103,186	125,443
Current assets			
Financial assets designated as held for trading	*(12)*	134,919,768	183,312,798
Accounts receivable, deposit and prepayment		757,436	527,532
Cash and bank balances	*(13)*	17,689,085	6,932,287
		153,366,289	190,772,617
Current liability			
Creditors and accrued expenses		236,377	4,714,370
Net current assets		153,129,912	186,058,247
Net assets		153,233,098	186,183,690
Capital and reserves			
Share capital	*(14)*	18,735,612	16,314,813
Reserves		134,497,486	169,868,877
Total equity		153,233,098	186,183,690

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2013

	Share capital	Share premium	Share option reserves	Capital redemption reserves	Accumulated losses	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
At 1 January 2012	21,466,408	545,869,798	–	168,800	(444,300,405)	123,204,601
Total comprehensive loss for the period	–	–	–	–	(82,298,057)	(82,298,057)
Issue of new shares by rights issue	85,865,630	38,318,862	–	–	–	124,184,492
Share option benefits	–	–	851,889	–	–	851,889
Exercise of share options	2,144,000	1,829,553	(851,889)	–	–	3,121,664
Capital reduction	(98,528,434)	–	–	–	98,528,434	–
Exercise of bonus warrants	1,156,382	4,625,529	–	–	–	5,781,911
Shares issue expenses	–	(1,473,516)	–	–	–	(1,473,516)
At 30 June 2012	12,103,986	589,170,226	–	168,800	(428,070,028)	173,372,984
At 1 January 2013	16,314,813	589,216,069	–	168,800	(419,515,992)	186,183,690
Total comprehensive loss for the period	–	–	–	–	(48,193,678)	(48,193,678)
Exercise of bonus warrants	2	5	–	–	–	7
Issue of new shares by placing	2,420,797	12,915,746	–	–	–	15,336,543
Shares issue expenses	–	(93,464)	–	–	–	(93,464)
At 30 June 2013	18,735,612	602,038,356	–	168,800	(467,709,670)	153,233,098

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2013

	For the six months ended 30 June	
	2013	**2012**
	(Unaudited)	(Unaudited)
	HK$	*HK$*
Net cash used in operating activities	(9,962,146)	(2,579,004)
Net cash generated from (used in) investing activities	5,475,858	(69,674,974)
Net cash generated from financing activities	15,243,086	81,192,633
Net increase in cash and cash equivalents	10,756,798	8,938,655
Cash and cash equivalents at 1 January	6,932,287	6,651,963
Cash and cash equivalents at 30 June	17,689,085	15,590,618

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Basis of preparation

The unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting* ("**HKAS 34**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

The unaudited condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair values or revalued amounts, as appropriate.

The unaudited condensed consolidated interim financial statements have not been audited by the Company's auditor, but have been reviewed by the Company's audit committee and the auditor.

The preparation of the unaudited condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing the unaudited condensed consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements as at and for the year ended 31st December 2012.

2. Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs")

Except as described below, the accounting policies and methods of computation used in the unaudited condensed consolidated interim financial statements for the six months period ended 30th June 2013 are the same as those followed in the preparation of the Group's annual audited consolidated financial statements for the year ended 31st December 2012.

In the current interim period, the Group has applied, for the first time, the following new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA. The application of these new and revised HKFRSs has had no material impact on the Group's financial performance and positions but may affect the accounting for future transactions or arrangements.

HKFRS 1 (Amendments)	Government Loans
HKFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 10, HKFRS 11, HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosures of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle except for the amendments to HKAS 1
HK (IFRIC) - Int 20	Stripping Costs in the Production Phase of a Surface Mine

HKFRS 13 – Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current interim period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the condensed consolidated interim financial statements.

The scope of HKFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. HKFRS 13 contains a new definition for "fair value" and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

In accordance with the transactional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively. Disclosures of fair value information are set out in note 18.

Amendments to HKAS 1- Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

HKFRS 9 (Revised)	Financial Instruments[2]
HKFRS 10, HKFRS 12 and HKAS 27 (as revised in 2011) (Amendments)	Investment Entities[1]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[1]
HKAS 36 (Amendments)	Recoverable Amount Disclosures for Non-Financial Assets[1]
HKAS 39 (Amendments)	Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting[1]
HK(IFRIC) – Int 21	Levies[1]

1 *Effective for annual periods beginning on or after 1st January 2014.*

2 *Effective for annual periods beginning on or after 1st January 2015.*

HKFRS 9 (Revised) – Financial Instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent reporting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1st January 2015, with earlier application permitted.

The Directors anticipate that the adoption of HKFRS 9 in the future may have a significant impact on the amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets and financial liabilities, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (as revised in 2011) – Investment Entities

The amendments to HKFRS 10 introduce an exception to consolidating subsidiaries for an investment entity, except where the subsidiaries provide services that relate to the investment entity's investment activities. Under the amendments to HKFRS 10, an investment entity is required to measure its interests in subsidiaries at fair value through profit or loss.

To qualify as an investment entity, certain criteria have to be met. Specifically, an entity is required to:

- obtain funds from one or more investors for the purpose of providing them with professional investment management services;

- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments to HKFRS 12 and HKAS 27 have been made to introduce new disclosure requirements for investment entities.

The amendments to HKFRS 10, HKFRS 12 and HKAS 27 (as revised in 2011) are effective from annual periods beginning on or after 1st January 2014 with early application permitted. The Directors is in the process of assessing the potential impact of the new HKFRSs but is not yet in a position to determine whether the new HKFRSs will have a significant impact on how its results of operations and financial position are prepared and presented. The new HKFRSs may result in changes in the future as to how the results and financial position are prepared and presented.

The Directors anticipate that the application of other new or revised standards, amendments and interpretations will have no material impact on results and financial position of the Group.

3. Revenue

	(Unaudited) For the six months ended 30th June	
	2013	**2012**
	HK$	*HK$*
The analysis of revenue for the period is as follows:		
Dividend income from financial assets designated as held for trading	495,964	1,103,500

4. Segment information

Business segments

During the periods ended 30th June 2013 and 2012, the Group's revenue and net loss mainly derived from dividend income from financial assets designated as held for trading. The Directors consider that these activities constitute one business segment since these transactions are subject to common risks and returns. Given the nature of the Group's operation is investment holding, it is not considered meaningful to provide a business segment analysis of operating loss.

Geographical segments

Over 90% of the business activities of the Group during the periods ended 30th June 2013 and 2012 were carried out in Hong Kong and over 90% of the assets of the Group were located in Hong Kong. Accordingly, a geographical analysis is not presented.

5. Loss on disposal of a subsidiary

On 31st May 2013, the Group disposed of 100% equity interest in its wholly-owned subsidiary, Next Method Limited, at a consideration of HK$1,250,000. The net asset of Next Method Limited at the date of disposal was as follows:

	HK$
Current asset	
Financial assets designated as held for trading	1,500,000
Net asset disposed of	1,500,000
Loss on disposal of a subsidiary	(250,000)
Total consideration	1,250,000

	HK$
Net cash inflow arising from disposal:	
Total cash consideration received	1,250,000

6. Loss from operations

	(Unaudited) For the six months ended 30th June	
	2013	**2012**
	HK$	*HK$*
Loss from operations has been arrived at after charging:		
Operating lease rentals in respect of rented premises	636,594	907,650
Share based payments	–	851,889
Depreciation of property, plant and equipment	28,657	29,880

7. Finance costs

	(Unaudited) For the six months ended 30th June 2013 HK$	2012 HK$
Interest on borrowings wholly repayable within one year	145,330	729,946

8. Taxation

No provision for Hong Kong Profits Tax has been made as the Group did not have any assessable profits for the period ended 30th June 2013 (2012: Nil).

9. Dividend

The Board does not recommend the payment of an interim cash dividend for the period ended 30th June 2013 (2012: Nil).

10. Loss per share

The calculation of basic loss per share is based on the loss for the Period of HK$48,193,678 (2012: HK$82,298,057) and the weighted average number of 170,637,907 (2012 (adjusted): 97,338,214) ordinary shares in issue during the Period. The loss per share has been adjusted to reflect the share consolidation during the Period.

The amounts of diluted loss per share are the same as basic loss per share as there were no potential dilutive shares during the periods ended 30th June 2013 and 2012.

11. Property, plant and equipment

During the Period, the Group has no significant movement in respect of property, plant and equipment.

12. Financial assets designated as held for trading

	Notes	**At 30 June 2013 (Unaudited)** *HK$*	**At 31 December 2012 (Audited)** *HK$*
Financial assets designated as held for trading:			
Equity securities listed in Hong Kong	*a*	128,819,768	176,872,798
Unlisted debt securities	*b*	6,100,000	4,940,000
Unlisted equity securities	*c*	–	1,500,000
		134,919,768	183,312,798
Market value of listed financial assets designated as held for trading		128,819,768	176,872,798

Notes:

(a) The listed securities held by the Group are listed in Hong Kong. The Group maintains a portfolio of diversified investments covering various industries such as manufacturing and trading, investment holding and security trading. The fair values are based on quoted market prices in the active markets.

(b) The unlisted debt securities were issued by a listed company. The market for the unlisted debt securities and unlisted equity securities is not active, so the Group establishes the value by references provided by the financial institution and the latest financial information provided by the management of the investee company. It includes the use of recent arm's length transaction and reference to another instrument that is substantially the same.

As at 30 June 2013, the carrying amount of the Group's interest in the shares of the following Hong Kong listed companies exceeded 10% of the total assets of the Group.

Stock name	Principal activities	Number of shares held	Proportion of investee's capital owned	Market value
				HK$
Mascotte Holdings Limited	Manufacture of solar grade polycrystalline silicon, investment and trading of securities, provision of finance, property investment and manufacturing and sale of accessories for photographic products	283,744,496	2.32%	24,685,771
Heritage International Holdings Limited	Property investment, investments in securities, money lending, investment holding and Chinese medicine clinic operations	134,538,000	4.77%	23,544,150
C C Land Holdings Limited	Property development and investment, treasury investments, investment holding and property holding	10,165,859	0.39%	22,568,207

13. Cash and bank balances

	At 30 June 2013 (Unaudited)	At 31 December 2012 (Audited)
	HK$	*HK$*
Cash at bank and in hand	17,689,085	6,932,287

14. Share capital

	Number of ordinary shares of HK$0.01 each	Number of ordinary shares of HK$0.1 each	*HK$*
Authorised:			
At 31 December 2012	100,000,000,000	–	1,000,000,000
Share consolidation	(100,000,000,000)	10,000,000,000	–
At 30 June 2013	–	10,000,000,000	1,000,000,000

During the Period, the movements in the Company's share capital are as follows:

	Notes	Number of ordinary shares of HK$0.01 each	Number of ordinary shares of HK$0.1 each	*HK$*
Issued and fully paid:				
At 31 December 2012		1,631,481,333	–	16,314,813
Exercise of bonus warrants	*a*	180	–	2
Issue of new shares by placing	*b*	242,079,719	–	2,420,797
Share consolidation	*c*	(1,873,561,232)	187,356,123	–
At 30 June 2013		–	187,356,123	18,735,612

Notes:

(a) On 6 February 2013, 180 new shares of HK$0.01 each were issued upon the exercise of the bonus warrants at the subscription price of HK$0.04 per warrant share.

Pursuant to the provisions of the instrument constituting the warrants to subscribe for shares issued by the Company on 30 April 2012 and the terms and conditions of the warrants, in the event of the issue of new shares by placing of the Company as stated in note (b), an adjustment would need to be made to the subscription price of such warrant shares to be issued upon the exercise of the subscription rights attached to the warrants. Therefore 5,299,056 outstanding warrants at the subscription price of HK$0.04 per warrant share was adjusted to 5,434,929 outstanding warrants at the subscription price of HK$0.039 per warrant share with effect from 6 May 2013.

In the event of the share consolidation as stated in note (c), an adjustment would need to be made to the subscription price of such warrant shares to be issued upon the exercise of the subscription rights attached to the warrants. Therefore, 5,434,929 outstanding warrants at the subscription price of HK$0.039 per warrant share was adjusted to 543,492 outstanding warrants at the subscription price of HK$0.39 per warrant share with effect from the close of business on 20 May 2013.

On 30 June 2013, the Company had 543,492 (2012: 5,299,236) outstanding warrants which will be expired on 29 April 2014. The exercise in full of such outstanding warrants, under the present capital structure of the Company, would result in the issue of 543,492 additional new shares of HK$0.1 each.

(b) On 6 May 2013, the Company had issued and allotted 242,079,719 new shares of HK$0.01 each at HK$0.065 per share by placing.

(c) On 21 May 2013, the share consolidation has become effective by consolidating every ten issued and unissued shares of HK$0.01 each into one consolidated share of HK$0.1 each.

15. Related party transactions

Other than disclosed elsewhere in the unaudited condensed consolidated interim financial statements, the Group had the following related party transactions during the Period which were carried out in the normal course of the Group's business:

Name of related party	Nature of transaction	Notes	(Unaudited) For the six months ended 30 June 2013 HK$	2012 HK$
Enerchine Investment Management Limited	Investment management fee	*a*	600,000	600,000
HEC Securities Limited (formerly known as Chung Nam Securities Limited)	Interest expenses	*b*	100,433	83,543
	Brokerage fee	*b*	73,704	873,162
	Commission income		–	1,460,000
	Interest income		–	310,000

Notes:

(a) Enerchine Investment Management Limited ("EIML") is the investment manager of the Group since 3 November 2003. The investment management fee is HK$100,000 per month since 1 July 2011.

(b) The Group had obtained margin financing facilities from HEC Securities Limited ("HEC") (formerly known as Chung Nam Securities Limited) through the opening of margin trading accounts with HEC to deal in securities in accordance with the investment objective and policies of the Group. HEC was a fellow subsidiary of EIML, so HEC was treated as a connected person of the Company under the Listing Rules until 18 March 2013 when HEC ceased to be a fellow subsidiary of EIML.

For the period from 1 January 2013 to 18 March 2013, the Group paid brokerage fees of HK$73,704 (six months ended 30 June 2012: HK$873,162) and margin interests of HK$100,433 (six months ended 30 June 2012: HK$83,543) to HEC which constituted related party transactions of the Group.

16. Commitments

The Group had the lease commitments for future minimum lease payments under operating lease in respect of rented premises falling due as follows:

	At 30 June 2013 (Unaudited) *HK$*	At 31 December 2012 (Audited) *HK$*
Within one year	190,000	1,058,925

17. Pledge of assets

As at 30 June 2013, the Group's investments in financial assets designated as held for trading with carrying value amounting to HK$134,919,768 (2012: HK$181,812,798) were pledged to brokers to secure margin financing provided to the Group.

18. Financial risk management

(a) Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Group. Financial assets which potentially subject the Group to concentrations of credit risk consist principally of financial assets designated as held for trading, bank balances and accounts receivable from sale of investments.

The Group limits its exposure to credit risk by transacting the majority of its financial assets and contractual commitment activities with licensed brokers, dealers, banks and regulated exchanges with high credit ratings and that the Group considers to be well established. All transactions in listed financial assets are settled/paid for two trading days after the transaction day with approved and reputable brokers.

Accordingly, the Group has no significant concentration of credit risk.

(b) Fair value of financial instruments

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument;

Level 2: Valuation techniques based on observable inputs, either directly (i.e. such as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data; and

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Group determines fair values using valuation techniques.

The table below analyses financial instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

	At 30 June 2013 (Unaudited)			
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$	*HK$*	*HK$*	*HK$*
Financial assets designated as held for trading				
Equity securities	128,819,768	–	–	128,819,768
Debt securities	–	6,100,000	–	6,100,000
	128,819,768	6,100,000	–	134,919,768

	At 31 December 2012 (Audited)			
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$	*HK$*	*HK$*	*HK$*
Financial assets designated as held for trading				
Equity securities	176,872,798	–	1,500,000	178,372,798
Debt securities	–	4,940,000	–	4,940,000
	176,872,798	4,940,000	1,500,000	183,312,798

There were no reclassifications of financial assets during both periods.

3. AUDITED FINANCIAL STATEMENTS

The following are the audited financial statements of the Group together with accompanying notes as extracted from the annual report of the Company for the year ended 31 December 2012. Terms adopted to in this section refer to terms defined in the aforesaid annual report and may not be the same as those defined in the section headed "Definition" in this Composite Document.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st December 2012

	Notes	**2012** *HK$*	**2011** *HK$*
Revenue	*(6)*	1,113,316	130,931
Net realised loss on disposal of financial assets designated as held for trading		(20,375,787)	(85,723,224)
Net unrealised loss on financial assets designated as held for trading		(39,101,747)	(115,020,741)
Other operating income	*(6)*	2,191,796	1,057,271
Administrative and other operating expenses		(16,817,947)	(12,325,231)
Loss from operations		(72,990,369)	(211,880,994)
Finance costs	*(8)*	(753,652)	(2,035,177)
Loss before taxation		(73,744,021)	(213,916,171)
Taxation	*(9)*	–	–
Loss for the year attributable to members	*(10)*	(73,744,021)	(213,916,171)
Other comprehensive income		–	–
Total comprehensive loss attributable to members		(73,744,021)	(213,916,171)
Loss per share	*(14)*		
Basic and diluted		(0.057)	(0.798)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st December 2012

	Notes	2012 HK$	2011 HK$
Non-current asset			
Property, plant and equipment	(15)	125,443	193,809
Current assets			
Financial assets designated as held for trading	(16)	183,312,798	159,973,781
Accounts receivable, deposit and prepayment	(17)	527,532	7,202,066
Cash and bank balances	(18)	6,932,287	6,651,963
		190,772,617	173,827,810
Current liabilities			
Creditors and accrued expenses	(19)	4,714,370	395,100
Borrowings	(20)	–	50,421,918
		4,714,370	50,817,018
Net current assets		186,058,247	123,010,792
Net assets		186,183,690	123,204,601
Capital and reserves			
Share capital	(21)	16,314,813	21,466,408
Reserves	(23)	169,868,877	101,738,193
Total equity		186,183,690	123,204,601

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st December 2012

	Share capital *HK$*	Share premium *HK$*	Share option reserves *HK$*	Capital redemption reserves *HK$*	Accumulated losses *HK$*	Total *HK$*
At 1st January 2011	143,109,384	502,412,999	–	168,800	(359,182,680)	286,508,503
Total comprehensive loss	–	–	–	–	(213,916,171)	(213,916,171)
Capital reduction	(128,798,446)	–	–	–	128,798,446	–
Rights issue	7,155,470	46,510,549	–	–	–	53,666,019
Shares issue expenses	–	(3,053,750)	–	–	–	(3,053,750)
At 31st December 2011 and 1st January 2012	21,466,408	545,869,798	–	168,800	(444,300,405)	123,204,601
Total comprehensive loss	–	–	–	–	(73,744,021)	(73,744,021)
Rights issue	85,865,630	38,318,862	–	–	–	124,184,492
Share option benefits	–	–	851,889	–	–	851,889
Exercise of share options	2,144,000	1,829,553	(851,889)	–	–	3,121,664
Capital reduction	(98,528,434)	–	–	–	98,528,434	–
Bonus issue	3,262,963	(3,262,963)	–	–	–	–
Exercise of bonus warrants	2,104,246	8,416,988	–	–	–	10,521,234
Shares issue expenses	–	(1,956,169)	–	–	–	(1,956,169)
At 31st December 2012	**16,314,813**	**589,216,069**	**–**	**168,800**	**(419,515,992)**	**186,183,690**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31st December 2012

	2012	2011
	HK$	*HK$*
Operating activities		
Loss for the year	(73,744,021)	(213,916,171)
Adjustments for:		
Depreciation of property, plant and equipment	58,548	292,046
Impairment loss on non-refundable deposit	2,500,000	–
Net unrealised loss on financial assets designated as held for trading	39,101,747	115,020,741
Net realised loss on disposal of financial assets designated as held for trading	20,375,787	85,723,224
Net loss on disposal of property, plant and equipment	15,078	1,203,352
Share based payments	851,889	–
Interest expenses	753,652	2,035,177
Interest income	(1,737)	–
Dividend income from financial assets designated as held for trading	(1,113,316)	(130,931)
Operating cash outflows before movements in working capital	(11,202,373)	(9,772,562)
Decrease (increase) in accounts receivable, deposit and prepayment	4,174,534	(6,809,864)
Increase (decrease) in creditors and accrued expenses	4,319,270	(1,665,060)
Cash used in operations	(2,708,569)	(18,247,486)
Interest paid	(1,175,570)	(1,613,259)
Net cash used in operating activities	(3,884,139)	(19,860,745)

	Note	2012 HK$	2011 HK$
Investing activities			
Interest received		1,737	–
Dividend received from financial assets designated as held for trading		1,113,316	130,931
Purchase of financial assets designated as held for trading		(287,349,879)	(491,230,592)
Proceeds from disposal of financial assets designated as held for trading		204,533,328	403,917,270
Payments for property, plant and equipment		(5,260)	(21,668)
Net cash used in investing activities		(81,706,758)	(87,204,059)
Financing activities			
Net proceeds from issue of shares		135,871,221	50,612,269
Proceeds from borrowings		–	240,000,000
Repayment of borrowings		(50,000,000)	(190,000,000)
Net cash generated from financing activities		85,871,221	100,612,269
Net increase (decrease) in cash and cash equivalents		280,324	(6,452,535)
Cash and cash equivalents at the beginning of year		6,651,963	13,104,498
Cash and cash equivalents at the end of year		6,932,287	6,651,963
Cash and cash equivalents represent:			
Cash and bank balances	*(18)*	6,932,287	6,651,963

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st December 2012

1. General

The Company is a company incorporated in the Cayman Islands with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its registered office is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business in Hong Kong is at Room 2601, 26/F, China United Centre, No. 28 Marble Road, North Point, Hong Kong.

The Group is principally engaged in investment holding and trading of financial assets designated as held for trading.

The consolidated financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company.

2. Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs")

The accounting policies and methods of computation used in these consolidated financial statements are the same as those followed in the preparation of the Group's consolidated financial statements for the year ended 31st December 2011, except for the following amendments to HKFRSs issued by the Hong Kong Institutes of Certified Public Accountants (the "**HKICPA**") that the Group has applied for the first time in the current year. The application of these new and revised HKFRSs has had no impact on the Group's financial performance and positions for the current and prior years but may affect the accounting for future transactions or arrangements.

HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets
HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets

New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 1 (Amendments)	Government Loans[2]
HKFRS 9 (Revised)	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosures of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
HKFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[2]
HKFRS 10, HKFRS 12 and HKAS 27 (as revised in 2011) (Amendments)	Investment Entities[3]
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[1]
HKAS 19 (as revised in 2011)	Employee Benefits[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[2]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[2]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle except for the amendments to HKAS 1[2]
HK (IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]

[1] *Effective for annual periods beginning on or after 1st July 2012.*

[2] *Effective for annual periods beginning on or after 1st January 2013.*

[3] *Effective for annual periods beginning on or after 1st January 2014.*

[4] *Effective for annual periods beginning on or after 1st January 2015.*

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent reporting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1st January 2015, with earlier application permitted.

The directors anticipate that the adoption of HKFRS 9 in the future may have a significant impact on the amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets and financial liabilities, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. HK (SIC)-Int 12 Consolidation – Special Purpose Entities will be withdrawn upon the effective date of HKFRS 10. Under HKFRS 10, there is only one basis for consolidation, that is, control. In addition, HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 Interests in Joint Ventures. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. HK (SIC) – Int 13 Jointly Controlled Entities – Non-monetary Contributions by Venturers will be withdrawn upon the effective date of HKFRS 11. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate consolidation.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these five HKFRSs for the first time.

These five standards, together with the amendments relating to the transitional guidance, are effective for annual periods beginning on or after 1st January 2013 with earlier application permitted provided all of these standards are applied at the same time.

The directors anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1st January 2013. The application of these five standards may have impact on amounts reported in the consolidated financial statements. However, the directors have not yet performed a detailed analysis of the impact of the application of these standards and hence have not yet quantified the extent of the impact.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 Financial Instruments: Disclosures will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1st January 2013, with earlier application permitted.

The directors anticipate that the application of the new standard may affect certain amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis. The amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1st July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (as revised in 2011) – Investment Entities

The amendment to HKFRS 10 introduce an exception to consolidating subsidiaries for an investment entity, except where the subsidiaries provide services that relate to the investment entity's investment activities. Under the amendments to HKFRS 10, an investment entity is required to measure its interest in subsidiaries at fair value through profit or loss.

To qualify as in investment entity, certain criteria have to be met. Specifically, an entity is required to:

- Obtain funds from one or more investors for the purpose of providing them with professional investment management services;

- Commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

- Measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments to HKFRS 12 and HKAS 27 (as revised in 2011) have been made to introduce new disclosure requirements for investment entities.

The amendments to HKFRS 10, HKFRS 12 and HKAS 27 (as revised in 2011) are effective from annual periods beginning on or after 1st January 2014 with early application permitted. The directors is in the process of assessing the potential impact of the new HKFRSs but is not yet in a position to determine whether the new HKFRSs will have a significant impact on how its results of operations and financial position are prepared and presented. The new HKFRSs may result in changes in the future as to how the results and financial position are prepared and presented.

The directors anticipate that the application of other new or revised standards, amendments and interpretations will have no material impact on results and financial position of the Group.

3. Significant accounting policies

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Revenue recognition

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations, if any, are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserve (attributed to non-controlling interests as appropriate).

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement benefit schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance, for all those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Share-based payment arrangements

Share-based payment transactions of the Company

For grants of share options that are conditional upon satisfying specified vesting conditions, the fair value of services received is determined by reference to the fair value of share options granted at the date of grant and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained earnings.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful life, using the straight-line method, at the following rates:

Leasehold improvement	20%
Furniture and fixtures	20%
Office equipment	20%
Motor vehicle	20%

The estimated useful life, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful life to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of receivable can be measured reliably.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss ("**FVTPL**"), held-to-maturity investments, available-for-sale ("**AFS**") financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term;
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item in the consolidated statement of comprehensive income. Fair value is determined in the manner described in note 5.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intention and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment (see the accounting policy in respect of impairment losses on financial assets below).

AFS financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL.

Equity and debt securities held by the Group that are classified as AFS financial assets. AFS financial assets are traded in an active market and are measured at fair value at the end of each reporting period. Changes in the fair value of AFS financial assets relating to interest income calculated using the effective interest method and dividends on AFS equity investments are recognised in profit or loss.

Other changes in the carrying amount of AFS financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

Dividends on AFS equity investments are recognised in profit or loss when the Group's right to receive the dividends has been established.

When financial asset is disposed of or determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period (see the accounting policy in respect of impairment loss on financial assets below).

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including accounts receivable, deposit and prepayment, cash and bank balances, and others) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of that security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods (see the accounting policy below).

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of accounts receivable, where the carrying amount is reduced through the use of an allowance account. When an accounts receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in according with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL on initial recognition:

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term;

- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;

- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the "other gains and losses" line item. Fair value is determined in the manner described in note 5.

Other financial liabilities

Other financial liabilities (including creditors and accrued expenses, borrowings and others) are subsequently measured at amortised cost using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis other than financial liabilities classified as at FVTPL.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which case the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief reporting decision-maker is responsible for allocating resources and accessing performance of the operating segments.

Cash and cash equivalents

Cash includes cash on hand and demand deposits with any bank or other financial institution. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturing at acquisition.

4. Critical accounting judgements and key sources of estimation uncertainity

In the application of the Group's accounting policies, which are described in note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Depreciation

The Group depreciates the property, plant and equipment over their estimated useful life and after taking into account of their estimated residual values, using the straight line method. The estimated useful life reflects the directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment. The residual values reflect the directors' estimated amount that the Group would currently obtain from disposal of the assets, after deducting the estimated costs of disposal, if the assets were already of the age and in the condition expected at the end of its useful life.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Valuation of financial instruments

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments. Notes 5 and 16 provide detailed information about the key assumptions used in the determination of the fair value of financial instruments, as well as the detailed sensitivity analysis for these assumptions.

The directors believe that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of financial instruments.

5. Financial risk management

The Group's major financial instruments include equity investments, receivables, payables and borrowings. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk, credit risk, liquidity risk, interest rate risk, foreign currency risk and operational risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(1) Risk Management

(a) Market risk

The Group's strategy for the management of market risk is driven by the Group's investment objective. The Group's market risk is managed on a daily basis by the investment manager in accordance with policies and procedures in place. The Group's market positions are monitored on a monthly basis by the board of directors, and the investments in equity of other entities are Hong Kong and overseas listed and unlisted equity. Decisions to buy or sell trading securities are based on daily monitoring of the performance of individual securities compared to that of the relevant stock market index and other industry indicators, as well as the Group's liquidity needs. To manage its price risk arising from the equity securities, the Group maintains a portfolio of diversified investments in terms of industry distribution such as investment holding and minerals industry sectors. Temporarily, the Group's management has monitored price risk and will consider hedging of the risk if necessary.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risk at the reporting date. For sensitivity analysis purpose, the sensitivity rate is remained at 15% in the current year.

If listed equity prices had been 15% higher/lower (2011: 15% higher/lower), loss for the year ended 31st December 2012 would be decreased/increased by HK$26,530,920 (2011: decreased/increased by HK$21,243,567). It is mainly due to the changes in fair value of listed financial assets designated as held for trading. Also, if the unlisted equity prices had been increased/decreased by 15% (2011: 15%) and all other variables were held constant, loss for the year ended 31st December 2012 would be decreased/increased by HK$966,000 (2011: decreased/increased by HK$2,752,500).

(b) Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Group. Financial assets which potentially subject the Group to concentrations of credit risk consist principally of financial assets designated as held for trading, bank balances and accounts receivable on sale of investments.

The Group limits its exposure to credit risk by transacting the majority of its financial assets and contractual commitment activities with brokers, banks and regulated exchanges with high credit ratings and that the Group considers to be well established. All transactions in listed financial assets are settled/paid for upon delivery using approved and reputable brokers.

Accordingly, the Group has no significant concentration of credit risk.

(c) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the utilisation of margin facilities of securities brokers. The Group will keep reviewing its financial needs from time to time to determine the timing of carrying out fund raising activities. The maturity profile of the Group's financial liabilities at the end of the reporting period based on contractual undiscounted payments are summarised below:

			2012		
	Weighted average interest rate	**On demand**	**Within 1 year**	**1-3 years**	**Total**
		HK$	*HK$*	*HK$*	*HK$*
Creditors and accrued expenses	–	4,714,370	–	–	4,714,370
		4,714,370	–	–	4,714,370

	2011				
	Weighted average interest rate	On demand	Within 1 year	1-3 years	Total
		HK$	*HK$*	*HK$*	*HK$*
Creditors and accrued expenses	–	395,100	–	–	395,100
Borrowings	5%	–	51,333,120	–	51,333,120
		395,100	51,333,120	–	51,728,220

(d) *Interest rate risk*

The Group's interest rate risk related primarily to the variable interest bearing deposits and debts.

Sensitivity analysis

The sensitivity analysis below, which include interest rate exposure on variable interest bearing bank deposits, debt securities and borrowing, have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. A 100 basis point change is used which represents management's assessment of the possible change in interest rates.

If interest rates have been 100 (2011: 100) basis points higher/lower and all other variables were held constant, the Group's loss before taxation for the year ended 31st December 2012 would be increased/decreased by HK$69,386 (2011: increased/decreased by HK$395,843).

(e) *Foreign currency risk*

At the end of reporting period, the Group does not have any foreign currency asset or liability except for the cash and bank balances in Renminbi ("**RMB**") amounting to RMB3,998. The Group currently does not have a foreign currency hedging policy. Accordingly, the Group's foreign currency risk is insignificant. The management monitors foreign exchange exposure and will consider hedging foreign currency exposure should the need arises.

(f) Operational risk

Operational risk is the risk of direct or indirect (loss)/profit arising from a wide variety of causes associated with the processes and technology supporting the Group's operations either internally within the Group or externally at the Group's service provider, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour. Operational risks arise from all of the Group's activities.

The Group's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns to investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility is supported by the development of overall standards for the management of operational risk, which encompasses the controls and processes at the service providers and the establishment of service levels with the service providers, in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of the transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- contingency plans;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

The directors' assessment over the adequacy of the controls and processes in place at the service providers with respect to operational risks is carried out via regular discussions with the service providers and a review of the service providers' reports on internal controls, where available and practicable.

(2) Fair Value of Financial Instruments

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument;

- Level 2: Valuation techniques based on observable inputs, either directly (i.e. such as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data; and

- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Group determines fair values using valuation techniques.

The table below analyses financial instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

	2012			
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$	*HK$*	*HK$*	*HK$*
Financial assets designated as held for trading				
Equity securities	176,872,798	–	1,500,000	178,372,798
Debt securities	–	4,940,000	–	4,940,000
	176,872,798	4,940,000	1,500,000	183,312,798

	2011			
	Level 1	Level 2	Level 3	Total
	HK$	*HK$*	*HK$*	*HK$*
Financial assets designated as held for trading				
Equity securities	141,623,781	–	1,500,000	143,123,781
Debt securities	–	16,850,000	–	16,850,000
	141,623,781	16,850,000	1,500,000	159,973,781

During the years ended 31st December 2012 and 2011, there were no significant transfers between financial instruments in level 1 and level 2.

There was no movement and gain or loss for the financial assets in level 3 in the fair value hierarchy for the years ended 31st December 2012 and 2011.

(3) Classification and Fair Value of Financial Assets and Liabilities

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

	Financial assets designated as held for trading	Loans and receivables	Other financial liabilities	Total carrying amount
	HK$	*HK$*	*HK$*	*HK$*
31st December 2012				
Financial assets designated as held for trading	183,312,798	–	–	183,312,798
Accounts receivable, deposit and prepayment	–	527,532	–	527,532
Cash and bank balances	–	6,932,287	–	6,932,287
	183,312,798	7,459,819	–	190,772,617

	Financial assets designated as held for trading *HK$*	Loans and receivables *HK$*	Other financial liabilities *HK$*	Total carrying amount *HK$*
Creditors and accrued expenses	–	–	4,714,370	4,714,370
	–	–	4,714,370	4,714,370
31st December 2011				
Financial assets designated as held for trading	159,973,781	–	–	159,973,781
Accounts receivable, deposit and prepayment	–	7,202,066	–	7,202,066
Cash and bank balances	–	6,651,963	–	6,651,963
	159,973,781	13,854,029	–	173,827,810
Creditors and accrued expenses	–	–	395,100	395,100
Borrowings	–	–	50,421,918	50,421,918
	–	–	50,817,018	50,817,018

6. Revenue and Other Operating Income

An analysis of revenue and other operating income is as follows:

	2012	2011
	HK$	*HK$*
Revenue:		
Dividend income from financial assets designated as held for trading	1,113,316	130,931
Other operating income:		
Exchange gain, net	59	156
Interest income	1,737	–
Refund of brokerage fee and commission	1,880,000	850,000
Sundry income	310,000	207,115
	2,191,796	1,057,271

7. Segment Information

Business segments

During the years ended 31st December 2012 and 2011, the Group's revenue and net loss mainly derived from the dividend income from financial assets designated as held for trading. The directors consider that these activities constitute one business segment since these transactions are subject to common risks and returns. Given the nature of the Group's operation is investment holding, it is not considered meaningful to provide a business segment analysis of operating loss.

Geographical segments

Over 90% of the revenue of the Group during the years ended 31st December 2012 and 2011 were carried out in Hong Kong and over 90% of the assets of the Group were located in Hong Kong. Accordingly, a geographical analysis is not presented.

8. Finance Costs

	2012	2011
	HK$	*HK$*
Interest on borrowings wholly repayable within one year	753,652	2,035,177

9. Taxation

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years.

No provision for Hong Kong Profits Tax has been made for both years as the Group did not have any assessable profits for both years.

The taxation for the year can be reconciled to the loss before taxation per the consolidated statement of comprehensive income as follows:

	2012	2011
	HK$	*HK$*
Loss before taxation	(73,744,021)	(213,916,171)
Hong Kong Profits Tax calculated at the rate of 16.5% (2011: 16.5%)	(12,167,763)	(35,296,168)
Tax effect of expenses not deductible for tax purpose	564,649	3,806
Tax effect of income not taxable for tax purpose	(183,982)	(21,604)
Tax effect on temporary differences not recognised	9,748	(33,734)
Tax effect on tax losses not recognised	11,777,348	35,347,700
Tax expense for the year	–	–

At the end of the reporting period, the Group has estimated unrecognised tax losses of approximately HK$797,214,803 (2011: HK$725,836,934) to set off against future taxable income. No deferred tax asset is recognised in respect of such tax losses carried forward as the realisation of the related tax benefit through future taxable profits could not be reasonably assessed. The tax losses do not expire under the current tax legislation.

The Group had no material unprovided deferred tax liabilities at the end of the reporting period (2011: HK$nil).

10. Loss for the year attributable to members

	2012	2011
	HK$	*HK$*
Loss for the year attributable to members has been arrived at after charging:		
Auditor's remuneration	210,000	200,000
Investment management fee	1,200,000	840,000
Depreciation of property, plant and equipment	58,548	292,046
Net loss on disposal of property, plant and equipment	15,078	1,203,352
Impairment loss on non-refundable deposit	2,500,000	–
Net realised loss on disposal of listed financial assets designated as held for trading	19,300,787	84,642,439
Net realised loss on disposal of unlisted financial assets designated as held for trading	1,075,000	1,080,785
Net unrealised loss on investments in listed financial assets designated as held for trading	24,341,747	111,870,741
Net unrealised loss on investments in unlisted financial assets designated as held for trading	14,760,000	3,150,000
Operating lease rentals in respect of rented premises	1,815,300	1,260,375
Share based payments	851,889	–
Directors' remuneration and staff costs		
Salaries	6,075,600	6,041,788
Contributions to MPF Scheme	91,280	94,378

11. Directors' emoluments

	2012	2011
	HK$	*HK$*
Fees		
Executive directors	–	–
Independent non-executive directors	720,000	613,457
Other emoluments of executive directors		
Management remuneration	3,945,000	4,045,769
Contributions to MPF Scheme	44,250	50,375
Total emoluments	4,709,250	4,709,601

The number of directors whose remuneration fell within the following band is as follows:

	2012	2011
HK$nil to HK$1,000,000	6	15
HK$1,000,001 to HK$2,500,000	1	1
	7	16

During the year, no emoluments were paid by the Group to the Directors as an inducement to join or upon joining the Group or as compensation for loss of office and no Directors had waived any emoluments for both years.

The emoluments paid or payable to each of the seven (2011: sixteen) directors are as follows:

				2012	2011
	Fees	Management remuneration	Employer's contributions to MPF Scheme	Total emoluments	Total emoluments
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
Executive directors					
CHUNG Yuk Lun	–	2,400,000	13,750	2,413,750	1,814,000
SHIMAZAKI Koji	–	600,000	13,750	613,750	391,000
SAM Nickolas David Hing Cheong *(Note 1)*	–	225,000	3,000	228,000	458,625
CHEUNG Wing Ping *(Note 2)*	–	720,000	13,750	733,750	368,000
CHUA Kei Wah *(Note 3)*	–	–	–	–	556,024
MIU H. Frank *(Note 4)*	–	–	–	–	103,334
LIU On Bong, Peter *(Note 5)*	–	–	–	–	234,000
CHOI Ka Nam *(Note 6)*	–	–	–	–	171,161
Independent non-executive directors					
LUM Pak Sum	240,000	–	–	240,000	190,166
LAM Yan Fong, Flora *(Note 7)*	240,000	–	–	240,000	47,742
NG Yin Ling, Elaine *(Note 7)*	240,000	–	–	240,000	47,742
Gary Drew DOUGLAS *(Note 3)*	–	–	–	–	73,570
LAM Suk Ping *(Note 3)*	–	–	–	–	73,570
WONG Wai Man, Raymond *(Note 5)*	–	–	–	–	70,000
KAN Kwok Shu, Albert *(Note 5)*	–	–	–	–	70,000
YAU Chung Hong *(Note 8)*	–	–	–	–	40,667
Total	720,000	3,945,000	44,250	4,709,250	4,709,601

Notes:

1. Resigned on 15th March 2012.

2. Appointed on 30th June 2011.

3. Appointed on 30th June 2011 and resigned on 20th October 2011.

4. Appointed on 30th June 2011 and resigned on 1st August 2011.

5. Retired on 30th June 2011.

6. Appointed on 7th January 2011 and retired on 30th June 2011.

7. Appointed on 20th October 2011.

8. Appointed on 30th June 2011 and resigned on 16th December 2011.

12. Employees' emoluments

Of the five individuals with the highest emoluments in the Group, three (2011: four) were directors of the Company whose emoluments are included in the disclosures in note 11 above. The emoluments of the remaining two individuals (2011: one) are as follows:

	2012	**2011**
	HK$	*HK$*
Basic salaries and other benefits	1,020,000	420,000
Contributions to MPF schemes	27,500	12,000
Total emoluments	1,047,500	432,000

The aggregate emoluments of each of the above employees during the year was within the emoluments band ranging from HK$nil to HK$1,000,000 (2011: HK$nil to HK$1,000,000).

During the year, no remuneration (2011: HK$nil) was paid by the Group to any of the highest paid individuals as an inducement to join the Group or as compensation for loss of office.

13. Dividend

The Board does not recommend the payment of a final dividend for the year ended 31st December 2012 (2011: nil). During the year, a total of 326,296,266 bonus shares of HK$0.01 each were issued to the members by way of a bonus issue as disclosed in note 21(d) on the basis of one bonus share for every four existing shares held on 10th October 2012.

14. Loss per share

The calculation of basic loss per share is based on the loss for the year of HK$73,744,021 (2011: HK$213,916,171) and the weighted average number of 1,287,034,071 (2011(adjusted): 268,192,422) ordinary shares in issue during the year. The loss per share has been adjusted to reflect the rights issue and the bonus issue during the year.

For the years ended 31st December 2012 and 2011, diluted loss per share was the same as the basic loss per share as there was an anti-dilutive effect after adjusting for the effects of all dilutive potential ordinary shares.

15. Property, plant and equipment

	Leasehold improvement *HK$*	Furniture and fixtures *HK$*	Office equipment *HK$*	Total *HK$*
Cost				
At 1st January 2011	1,811,227	198,248	297,634	2,307,109
Additions	–	–	21,668	21,668
Disposals	(1,811,227)	(198,248)	(11,540)	(2,021,015)
At 31st December 2011 and 1st January 2012	–	–	307,762	307,762
Additions	–	–	5,260	5,260
Disposals	–	–	(18,248)	(18,248)
At 31st December 2012	–	–	294,774	294,774
Accumulated Depreciation and Impairment				
At 1st January 2011	530,288	47,694	61,588	639,570
Charge for the year	211,310	23,129	57,607	292,046
Eliminated on disposals	(741,598)	(70,823)	(5,242)	(817,663)
At 31st December 2011 and 1st January 2012	–	–	113,953	113,953
Charge for the year	–	–	58,548	58,548
Eliminated on disposals	–	–	(3,170)	(3,170)
At 31st December 2012	–	–	169,331	169,331
Net Book Value				
At 31st December 2012	–	–	125,443	125,443
At 31st December 2011	–	–	193,809	193,809

16. Financial assets designated as held for trading

	2012	2011
	HK$	*HK$*
Financial assets designated as held for trading:		
Equity securities listed in Hong Kong	176,872,798	141,623,781
Unlisted debt securities	4,940,000	16,850,000
Unlisted equity securities	1,500,000	1,500,000
	183,312,798	159,973,781
Market value of listed financial assets designated as held for trading as at 31st December	176,872,798	141,623,781

The unlisted debt securities were issued by listed companies. The market for the unlisted debt securities and the unlisted equity securities is not active, so the Group establishes the value by references provided by the financial institution and the latest financial information provided by the management of investee company. It includes the use of recent arm's length transaction and reference to another instrument that is substantially the same.

Particulars of the 10 largest investments as at 31st December 2012 are as follows:

Name of investee company	Number of shares held	Proportion of investee's capital owned as at 31st December 2012	Carrying value/cost	Market value	Unrealised gain/(loss) arising on revaluation	Net assets attributable to the investments#	Dividend received/ receivable during the year
			HK$	*HK$*	*HK$*		*HK$*
C C Land Holdings Limited *(note 1)*	20,165,859	0.78%	33,288,175	54,851,137	21,562,962	HK$113,924,148	1,100,000
Heritage International Holdings Limited *(note 2)*	63,722,000	3.40%	40,267,718	33,135,440	(7,132,278)	HK$34,471,716	–
China Strategic Holdings Limited *(note 3)*	126,000,000	3.41%	21,747,852	20,286,000	(1,461,852)	HK$24,419,419	–
Poly Capital Holdings Limited *(note 4)*	105,225,600	3.55%	17,375,398	12,206,170	(5,169,228)	HK$42,527,190	–
Enterprise Development Holdings Limited *(note 5)*	45,000,000	3.07%	10,743,384	10,350,000	(393,384)	RMB914,400	–
Rising Development Holdings Limited *(note 6)*	39,018,000	2.81%	32,508,578	9,637,446	(22,871,132)	HK$30,121,121	–
Dragonite International Limited *(note 7)*	4,486,000	4.23%	8,027,074	8,837,420	810,346	HK$9,976,540	–
CST Mining Group Limited *(note 8)*	80,712,000	0.30%	10,729,705	8,716,896	(2,012,809)	US$2,668,185	–
Willie International Holdings Limited *(note 9)*	6,035,000	4.81%	6,337,677	6,638,500	300,823	HK$86,090,185	–
Rising Development Holdings Limited (unlisted convertible notes) *(note 6)*	N/A	N/A	19,700,000	4,940,000	(14,760,000)	N/A	–

\# *The calculation of net assets attributable to the investments is based on the lastest published annual reports.*

A brief description of the business and financial information of the listed investee companies which represents a significant proportion of the Group's assets, based on their latest published annual reports are as follows:

Notes:

(1) C C Land Holdings Limited ("**C C Land**") was incorporated in Bermuda and principally engaged in (i) property development and investment; (ii) manufacture and sale of watch boxes, gift boxes, eyewear cases, bags and pouches and display units (discontinued operation); (iii) manufacture and sale of soft luggage, travel bags, backpacks and briefcases; and (iv) treasury investment.

For the year ended 31st December 2011, the audited consolidated net profit from ordinary activities attributable to members of C C Land was approximately HK$300,995,000 and the basic earnings per share was HK11.79 cents. As at 31st December 2011, the audited consolidated net asset value was approximately HK$14,605,660,000.

(2) Heritage International Holdings Limited ("**Heritage**") was incorporated in Bermuda and principally engaged in (i) property investment; (ii) investments in securities; (iii) money lending; (iv) investment holding; and (v) Chinese medicine clinic operations.

For the year ended 31st March 2012, the audited consolidated net loss from ordinary activities attributable to members of Heritage was approximately HK$368,077,000 and the basic loss per share was HK$0.09. As at 31st March 2012, the audited consolidated net asset value was approximately HK$1,013,874,000.

(3) China Strategic Holdings Limited ("**China Strategic**") was incorporated in Hong Kong and principally engaged in (i) manufacturing and trading of battery products and related accessories; and (ii) investments in securities.

For the year ended 31st December 2011, the audited consolidated net loss from ordinary activities attributable to members of China Strategic was approximately HK$70,131,000 and the basic loss per share was HK1.9 cents. As at 31st December 2011, the audited consolidated net asset value was approximately HK$716,112,000.

(4) Poly Capital Holdings Limited (Previously known as "Beijing Yu Sheng Tang Pharmaceutical Group Limited") ("**Poly Capital**") was incorporated in Bermuda and principally engaged in (i) investment holding and securities investment; (ii) supply and procurement; (iii) provision of management service and securities investment; (iv) provision of finance; (v) production and trading of Chinese medicines and health care products; and (vi) holding of intellectual property relating to production and sale of Jinhua Qinggan.

For the year ended 31st March 2012, the audited consolidated net loss from ordinary activities attributable to members of Poly Capital was approximately HK$467,851,000 and the basic loss per share was HK38.34 cents. As at 31st March 2012, the audited consolidated net asset value was approximately HK$1,197,949,000.

(5) Enterprise Development Holdings Limited ("**Enterprise Development**") was incorporated in the Cayman Islands and principally engaged in (i) provision of integrated business software solutions; (ii) manufacturing and sale of bare copper wires and magnet wires; and (iii) provision of processing services in the People's Republic of China.

For the year ended 31st December 2011, the audited consolidated net profit from ordinary activities attributable to shareholders of Enterprise Development was approximately RMB10,923,000 and the basic earnings per share was RMB0.01. As at 31st December 2011, the audited consolidated net asset value was approximately RMB29,785,000.

(6) Rising Development Holdings Limited ("**Rising Development**") was incorporated in Bermuda and principally engaged in (i) investment holding and trading in securities; (ii) trading and sales of fur garments; (iii) trading of fur skins; and (iv) business of mining natural resources.

For the year ended 31st March 2012, the audited consolidated net loss from ordinary activities attributable to members of Rising Development was approximately HK$184,470,000 and the basic loss per share was HK13.31 cents. As at 31st March 2012, the audited consolidated net asset value was approximately HK$1,071,926,000.

(7) Dragonite International Limited ("**Dragonite**") was incorporated in the Cayman Islands and principally engaged in (i) production and sales of a series of health care products, pharmaceutical products and Ruyan atomising cigarettes; (ii) securities trading and investments; and (iii) property investment in Hong Kong.

For the year ended 31st December 2011, the audited consolidated net loss from ordinary activities attributable to members of Dragonite was approximately HK$314,081,000 and the basic loss per share was HK14.51 cents. As at 31st December 2011, the audited consolidated net asset value was approximately HK$235,852,000.

(8) CST Mining Group Limited ("**CST**") was incorporated in the Cayman Islands and principally engaged in (i) acquisition, exploration, development and mining of copper and other mineral resources materials; (ii) investment in financial instruments, and (iii) property investment.

For the year ended 31st March 2012, the audited consolidated net loss from ordinary activities attributable to members of CST was approximately US$70,074,000 and the basic loss per share was US0.26 cents. As at 31st March 2012, the audited consolidated net asset value was approximately US$889,395,000.

(9) Willie International Holdings Limited ("**Willie**") was incorporated in Hong Kong and principally engaged in (i) trading of investment; (ii) provision of financial service; (iii) property investment; and (iv) investment holding.

For the year ended 31st December 2011, the audited consolidated net loss from ordinary activities attributable to members of Willie was approximately HK$552,298,000 and the basic loss per share was HK$1.63. As at 31st December 2011, the audited consolidated net asset value was approximately HK$1,789,816,000.

17. Accounts receivable, deposit and prepayment

	2012	2011
	HK$	*HK$*
Prepaid service fee	312,772	3,228,251
Rental deposits	202,550	202,550
Other receivables – brokers	12,210	3,770,531
Dividend receivables	–	734
	527,532	7,202,066

18. Cash and bank balances

	2012	2011
	HK$	*HK$*
Deposits with banks	6,926,389	6,645,125
Cash in hand	5,898	6,838
	6,932,287	6,651,963

Included in cash and cash equivalents in the consolidated statement of financial position are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

	2012	2011
RMB	3,998	3,998

19. Creditors and accrued expenses

	2012	2011
	HK$	*HK$*
Accrued expenses	196,095	395,100
Other payables – broker	4,518,275	–
	4,714,370	395,100

20. Borrowings

	2012	2011
	HK$	*HK$*
Loans from a finance company, unsecured	–	50,421,918

During the year, the Group has not obtained any new loan and has repaid all the outstanding loans and accrued interests.

21. Share capital

	Notes	Number of ordinary shares of HK$0.01 each	Number of ordinary shares of HK$0.1 each	Number of ordinary shares of HK$1 each	HK$
Authorised:					
At 31st December 2011		–	10,000,000,000	–	1,000,000,000
Capital reduction		100,000,000,000	(10,000,000,000)	–	–
At 31st December 2012		100,000,000,000	–	–	1,000,000,000
Issued and fully paid:					
At 1st January 2011		–	1,431,093,843	–	143,109,384
Share consolidation (10 into 1)		–	(1,431,093,843)	143,109,384	–
Capital reduction		–	143,109,384	(143,109,384)	(128,798,446)
Rights issue		–	71,554,692	–	7,155,470
At 31st December 2011 and 1st January 2012		–	214,664,076	–	21,466,408
Rights issue	*a*	–	858,656,304	–	85,865,630
Exercise of share options	*b*	–	21,440,000	–	2,144,000
Capital reduction	*c*	1,094,760,380	(1,094,760,380)	–	(98,528,434)
Bonus issue	*d*	326,296,266	–	–	3,262,963
Exercise of bonus warrants	*e*	210,424,687	–	–	2,104,246
At 31st December 2012		1,631,481,333	–	–	16,314,813

During the year, the movements in the Company's share capital are as follows:

(a) With reference to the prospectus documents of the Company dated 24th February 2012, rights shares of 858,656,304 on the basis of four rights shares for every share held by members on 23rd February 2012 at a price of HK$0.15 each, together with bonus warrants (the "**Warrants**") of 214,664,076 at the exercise price of HK$0.05 each on the basis of one Warrant for every four rights shares taken up, were issued and allotted to successful applicants.

(b) On 2nd April 2012, the Company has granted an aggregate of 21,440,000 share options to subscribe for the ordinary shares in the capital of the Company at an exercise price of HK$0.1456 each. On 3rd April 2012, 21,440,000 share options were fully exercised into 21,440,000 new shares of HK$0.1 each.

(c) On 24th April 2012 (Hong Kong time), the capital reorganisation has become effective after close of business. Capital reorganisation involved the reduction of the nominal value of every issued share from HK$0.10 to HK$0.01 by cancelling HK$0.09 of the paid up capital on each issued share.

(d) The Board proposed a bonus issue on the basis of one bonus share for every four existing shares held by the members whose names were on the register of members of the Company on 10th October 2012 by way of capitalisation of amounts in the share premium account of the Company (the "**Bonus Issue**"). The proposed Bonus Issue was approved by the members at the extraordinary general meeting of the Company held on 3rd October 2012. A total of 326,296,266 bonus shares of HK$0.01 each were issued by way of the Bonus Issue on 16th October 2012. All the bonus shares rank *pari passu* in all respects with the other shares in issue.

(e) Pursuant to the provisions of the instrument constituting the Warrants to subscribe for Shares issued by the Company on 30th April 2012 and the terms and conditions of the Warrants, in the event of the Bonus Issue of the Company, an adjustment would need to be made to the subscription price of such warrant shares to be issued upon the exercise of the subscription rights attached to the Warrants. Therefore, the outstanding Warrants of 4,239,389 at the subscription price of HK$0.05 per warrant share was adjusted to the outstanding Warrants of 5,299,236 at the subscription price of HK$0.04 per warrant share with effect from 11th October 2012.

During the year, 210,424,687 new shares of HK$0.01 were issued on the exercise of the Warrants at the subscription price of HK$0.05 per warrant share. At the end of the year, the Company had 5,299,236 (2011: nil) outstanding Warrants which will be expired on 29th April 2014. The exercise in full of such outstanding Warrants, under the present capital structure of the Company, would result in the issue of 5,299,236 additional new shares of HK$0.01 each.

22. Share option scheme

The Company's share option scheme (the "**Scheme**") was adopted pursuant to a resolution passed on 7th February 2005 for the primary purpose of providing incentives to directors and eligible employees and will expire on 7th February 2015 (the "Option Period"). Under the Scheme, the Board of Directors of the Company may grant share options to eligible participants, including directors of the Company and its subsidiaries and any other persons including consultants, advisors, agents, customers, suppliers, etc. to subscribe for shares in the Company.

The total number of shares in respect of which share options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's members. The number of shares in respect of which share options may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's members. Share options granted to substantial members or independent non-executive directors in excess of 0.1% of the Company's share capital or with a value in excess of HK$5 million must be approved in advance by the Company's members.

Share options granted must be taken up within 30 days of the date of grant, upon payment of HK$1 on acceptance of the grant. Share options may be exercised at any time during the Option Period. The exercise price is determined by the directors of the Company, and will not be less than the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheet on the date of grant, which must be a business day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares.

The following table discloses details of the Company's share options and movements in such holdings during the year:

Date of grant	Eligible person	Number of options outstanding at 1st January 2012	Number of options granted during the year	Number of options exercised during the year	Number of options cancelled/ lapsed during the year	Number of options outstanding at 31st December 2012	Exercise period	Exercise price per share HK$
2nd April 2012	Executive directors of the Company	–	21,440,000	(21,440,000)	–	–	2nd April 2012 – 1st April 2013	HK$0.1456

The fair value of the total share options granted in the year measured as at the date of grant on 2nd April 2012 was HK$851,889. The following significant assumptions were used to derive the fair value using the Black-Scholes option pricing model:

1. an expected volatility 104.59 per cent;
2. expected annual dividend yield is nil;
3. the estimated expected life of the share options granted during the year is half year; and
4. the quoted interest rate for the Exchange Fund Notes with maturity in 2012, being 0.12 per cent, was adopted to calculate the fair value of options granted on 2nd April 2012.

The Black-Scholes option pricing model requires the input of highly subjective assumption, including the volatility of share price. Changes in subjective input assumption can materially affect the fair value estimated, however, in the directors' opinion it is a reliable single measure of the fair value of the share options.

Total consideration received during the year for taking up the options granted was amounted HK$2 (2011: HK$nil).

23. Reserves

	Share premium	Share option reserves	Capital redemption reserves	Accumulated losses	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
At 1st January 2011	502,412,999	–	168,800	(359,182,680)	143,399,119
Total comprehensive loss	–	–	–	(213,916,171)	(213,916,171)
Capital reduction	–	–	–	128,798,446	128,798,446
Rights issue	46,510,549	–	–	–	46,510,549
Shares issue expenses	(3,053,750)	–	–	–	(3,053,750)
At 31st December 2011 and 1st January 2012	545,869,798	–	168,800	(444,300,405)	101,738,193
Total comprehensive loss	–	–	–	(73,744,021)	(73,744,021)
Rights issue	38,318,862	–	–	–	38,318,862
Share option benefits	–	851,889	–	–	851,889
Exercise of share options	1,829,553	(851,889)	–	–	977,664
Capital reduction	–	–	–	98,528,434	98,528,434
Bonus issue	(3,262,963)	–	–	–	(3,262,963)
Exercise of bonus warrants	8,416,988	–	–	–	8,416,988
Shares issue expenses	(1,956,169)	–	–	–	(1,956,169)
At 31st December 2012	589,216,069	–	168,800	(419,515,992)	169,868,877

24. Commitments

	2012	**2011**
	HK$	*HK$*
Lease payments paid under operating leases in respect of rented properties during the year	1,815,300	1,260,375

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

	2012	**2011**
	HK$	*HK$*
Within one year	1,058,925	1,565,300
In the second to fifth years inclusive	–	708,925
	1,058,925	2,274,225

Operating lease payments represent rentals payable by the Group for office property. Operating leases are negotiated and payments are fixed for an average of 2 years.

25. Pledge of assets

At the end of the reporting period, the Group's investments in financial assets designated as held for trading with carrying value amounting to HK$181,812,798 (2011: HK$158,473,781) were pledged to brokers to secure margin financing provided to the Group.

26. Retirement benefits scheme

The total costs charged to the consolidated statement of comprehensive income in the sum of HK$91,280 (2011: HK$94,378) represents contributions payable to the MPF Scheme in Hong Kong.

27. Related party transactions

(a) The Group had the following related party transactions during the year which were carried out in the normal course of the Group's business:

Name of related party	**Nature of transaction**	**2012** *HK$*	**2011** *HK$*
Enerchine Investment Management Limited (formerly known as CU Investment Management Limited)	Investment management fee *(Note 1)*	1,200,000	840,000
Chung Nam Securities Limited	Interest expenses *(Note 2)*	107,250	311,158
	Brokerage fee *(Note 2)*	1,030,371	1,927,810
	Commission income *(Note 3)*	1,460,000	–
	Interest income *(Note 3)*	310,000	–
Enerchine Securities Limited (formerly known as Radland International Limited)	Commission income *(Note 3)*	420,000	850,000

Notes:

(1) Enerchine Investment Management Limited ("**EIML**") is the investment manager of the Group since 3rd November 2003. The investment management fee is HK$40,000 per month for the period from 1st January 2009 to 30th June 2011 and is increased to HK$100,000 per month effective from 1st July 2011.

(2) The Group had obtained margin financing facilities from Chung Nam Securities Limited ("**CNSL**"), a fellow subsidiary of EIML and a connected person under the Rules Governing the Listing of Securities on the Stock Exchange, through the opening of margin trading accounts with CNSL to deal in securities in accordance with the investment objective and policies of the Group. For the year ended 31st December 2012, the Group paid to CNSL brokerage fees amounted to HK$1,030,371 (2011: HK$1,927,810) and margin interests amounted to HK$107,250 (2011: HK$311,158) in respect of the margin trading accounts from 1st January 2012 to 31st December 2012 which constituted related party transactions.

(3) The Group has received the commission rebates from CNSL and Enerchine Securities Limited, a fellow subsidiary of EIML and a connected person under the Rules Governing the Listing of securities on the Stock Exchange, in the amount of HK$1,460,000 (2011: HK$nil) and HK$420,000 (2011: HK$850,000) respectively and interest rebates from CNSL in the amount of HK$310,000 (2011: HK$nil) during the year.

(b) At the end of the reporting period, the amount due (to)/from a related company is as follows:

Name of related party	**Particular**	**2012** *HK$*	**2011** *HK$*
CNSL	Margin securities account	(4,518,275)	3,762,681

(c) Remuneration for key management personnel, including amounts paid to the Company's directors as disclosed in note 11 and certain of the highest paid employees as disclosed in note 12, is as follows:

	2012 *HK$*	**2011** *HK$*
Directors' fee	720,000	613,457
Salaries, allowance and benefits in kind	3,945,000	4,045,769
Contributions to MPF Scheme	44,250	50,375
	4,709,250	4,709,601

28. Interests in subsidiaries

	2012 *HK$*	2011 *HK$*
Unlisted shares, at cost	10,000,023	10,000,023
Amount due from subsidiaries	988,672,441	862,249,589
Less: impairment loss	(819,910,271)	(758,949,274)
	178,762,193	113,300,338

Details of the subsidiaries are set out as follows:

Name of subsidiary	Place of incorporation	Paid up issued/ registered ordinary share capital *US$*	Percentage of equity attributable to the Company *Direct* *%*	 *Indirect* *%*	Principal activities and place of operation
Winning Horsee Limited	British Virgin Islands	1	100	–	Trading of financial assets designated as held for trading in Hong Kong
Fortuneway Limited	British Virgin Islands	1	100	–	Investment holdings
Sunluck Investments Limited	British Virgin Islands	1	100	–	Investment holdings
Next Method Limited	British Virgin Islands	1	100	–	Investment holdings
Winning Point Limited	British Virgin Islands	1	–	100	Inactive

29. Information about the statement of financial position of the company

Information about the statement of financial position of the Company includes:

	2012	**2011**
	HK$	*HK$*
Non-current assets		
Property, plant and equipment *(Note 15)*	125,443	193,809
Interests in subsidiaries *(Note 28)*	178,762,193	113,300,338
	178,887,636	113,494,147
Current assets		
Deposit and prepayment	515,322	3,430,801
Cash and bank balances	6,927,937	6,650,813
	7,443,259	10,081,614
Current liability		
Creditors and accrued expenses	196,095	395,100
Net current assets	7,247,164	9,686,514
Net assets	186,134,800	123,180,661
Capital and reserves		
Share capital *(Note 21)*	16,314,813	21,466,408
Reserves	169,819,987	101,714,253
Total equity	186,134,800	123,180,661

4. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 August 2013, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this Composite Document, the Group had no material outstanding indebtedness and contingent liabilities.

At the close of business on 31 August 2013, the Group's investments in financial assets designated as held for trading with carrying value amounting to approximately HK$67.22 million were pledged to brokers to secure margin financing facilities provided to the Group. As at 31 August 2013, no margin financing facilities have been utilised. Apart from intra-group liabilities and normal trade payables and accruals, the Group did not have any debt securities issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptable credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities as at the close of business on 31 August 2013.

5. MATERIAL CHANGE

The Directors confirm that there had been no material change in the financial or trading position or outlook of the Group since 31 December 2012, being the date to which the last published audited consolidated financial statements of the Company were made up, up to and including the Latest Practicable Date save for:–

(i) the unaudited consolidated loss of approximately HK$48.2 million for the six months ended 30 June 2013 which was mainly due to the net unrealized loss on financial assets designated as held for trading as disclosed in the Company's interim results announcement and interim report for the six months ended 30 June 2013;

(ii) the changes in the net assets value of the Group of approximately HK$1.14 per Share (based on the net asset value of the Group of HK$186,183,690 as at 31 December 2012 and 1,631,481,333 Shares in issue on 31 December 2012 as disclosed in the published audited accounts of the Company for the year ended 31 December 2012 and adjusted for the 10-into-1 share consolidation, which became effective on 21 May 2013) to approximately HK$0.901 per Share as at 31 August 2013 (as announced by the Company on 11 September 2013);

(iii) the change of the Group's financial assets designated as held for trading from approximately HK$183.3 million as at 31 December 2012 as disclosed in the published audited accounts of the Company for the year ended 31 December 2012 to approximately HK$134.9 million as at 30 June 2013 as disclosed in the Company's interim results announcement and interim report for the six months ended 30 June 2013 and to approximately HK$122.8 million as at the Latest Practicable Date, a substantial portion of the change was attributable to net disposal of the Group's investment portfolio resulting in approximate corresponding increase in the Group's cash position and change in fair value of financial assets according to the then market prices;

(iv) the placing of 24,207,971 new Shares at HK$0.65 per Share (both number of Shares and issue price have been adjusted for the 10-into-1 share consolidation, which became effective on 21 May 2013) by the Company as announced by the Company on 8 April 2013 and completion of the placing took place on 6 May 2013; and

(v) the 10-into-1 share consolidation, details of which are contained in the announcement and circular of the Company dated 10 April 2013 and 2 May 2013 respectively, which became effective on 21 May 2013.

1. RESPONSIBILITY STATEMENTS

This Composite Document includes particulars given in compliance with the Takeovers Code for the purposes of giving information with regard to the Offers, the Offeror and the Group.

All Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the SPA, the Offeror, APAC, Mr. Hu, the Investors, ADM Galleus Fund II Limited, Twelve Dragons Limited and any parties acting in concert with any of them) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the Offeror, APAC, Mr. Hu, the Investors, ADM Galleus Fund II Limited, Twelve Dragons Limited and any parties acting in concert with any of them) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

The directors of the Offeror and the director of APAC jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Group) and confirms, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this Composite Document (other than that expressed by the Company) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

The directors of Twelve Dragons Limited jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Group, APAC, the Investors, their respective associates and parties acting in concert with each of the Group, APAC and the Investors) and confirms, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this Composite Document (other than that expressed by the Company) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement herein or in this Composite Document misleading.

2. SHARE CAPITAL OF THE COMPANY

(i) Authorised and issued share capital

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

	Number of Shares of HK$0.01 each	Number of Shares of HK$0.10 each	Amount *(HK$)*
Authorised:			
Balance as at 31 December 2012 (being the end of the latest financial year of the Company)	100,000,000,000	–	1,000,000,000
Share consolidation	(100,000,000,000)	10,000,000,000	–
Balance as at the Latest Practicable Date	–	10,000,000,000	1,000,000,000
Issued and fully paid up:			
Balance as at 31 December 2012 (being the end of the latest financial year of the Company)	1,631,481,333	–	16,314,813
Exercise of warrants of the Company prior to the share consolidation of the Company	180	–	2
Issue of new shares by placing	242,079,719	–	2,420,797
Share consolidation	(1,873,561,232)	187,356,123	–
Exercise of warrants of the Company subsequent to the share consolidation of the Company	–	35,313	3,531
Balance as at the Latest Practicable Date	–	187,391,436	18,739,144

All of the Shares currently in issue rank *pari passu* in all respects with each other, including rights and entitlements as to dividends, voting rights and return of capital.

(ii) Listing

The Shares and warrants of the Company are listed and traded on the Main Board of the Stock Exchange. No part of the issued share capital of the Company is listed or dealt in, nor is any listing of or permission to deal in the Shares and warrants of the Company being proposed or to be sought on, any other stock exchange.

As at the Latest Practicable Date, there are 187,391,436 Shares in issue and outstanding Warrants which can be converted into 508,179 Shares with an adjusted exercise price of HK$0.39 per Share after applying the entitlement ratio of 7.8. The entitlement ratio of 7.8 reflects the adjustments to their exercise price from HK$0.05 to HK$0.39 for each warrant of the Company resulting from the bonus issue, placing and share consolidation of the Company as disclosed in the announcements of the Company dated 10 October 2012, 12 October 2012, 6 May 2013 and 20 May 2013. Save as disclosed in this paragraph, the Company has no other Shares, outstanding options, warrants, derivatives or other securities that are convertible or exchangeable into Shares or other types of equity interest of the Company as at the Latest Practicable Date.

3. MARKET PRICES

(i) During the Relevant Period, the highest and lowest closing prices of the Shares as quoted on the Stock Exchange were HK$1.4100 on both 6 September 2013 and the Latest Practicable Date and HK$0.5700 on 29 April 2013 respectively (the above Share prices take into account the share consolidation of the Company set out in the Company's circular dated 2 May 2013 and effective on 21 May 2013).

(ii) During the Relevant Period, the highest and lowest closing prices of the warrants of the Company as quoted on the Stock Exchange were HK$0.91 on 6 September 2013 and HK$0.08 during the period from 5 March 2013 to 28 August 2013 respectively.

(iii) The table below sets out the closing prices of the Shares as quoted on the Stock Exchange on the last trading day of each of the calendar months during the Relevant Period (the below Share prices take into account the share consolidation of the Company set out in the Company's circular dated 2 May 2013 and effective on 21 May 2013):

Date	**Closing price per Share** *(HK$)*
28 March 2013	0.7700[1]
30 April 2013	0.6700[1]
31 May 2013	0.9000
28 June 2013	0.9200
31 July 2013	0.7700
30 August 2013	suspended
30 September 2013	1.3800
Latest Practicable Date	1.4100

Note 1:

The Share prices quoted were adjusted by the share consolidation of the Company set out in the Company's circular dated 2 May 2013 and effective on 21 May 2013.

(iv) The table below sets out the closing prices of the warrants of the Company as quoted on the Stock Exchange on the last trading day of each of the calendar months during the Relevant Period:

Date	**Closing price per warrant** *(HK$)*
28 March 2013	0.0800
30 April 2013	0.0800
31 May 2013	0.0800
28 June 2013	0.0800
31 July 2013	0.0800
30 August 2013	suspended
30 September 2013	0.4050
Latest Practicable Date	0.2550

(v) The closing price of the Shares as quoted on the Stock Exchange on the Last Trading Day was HK$0.8100 per Share.

(vi) The closing price of the warrants of the Company as quoted on the Stock Exchange on the Last Trading Day was HK$0.0800 per warrant traded on the Stock Exchange.

(vii) The closing price of the Shares as quoted on the Stock Exchange on the Latest Practicable Date was HK$1.4100 per Share.

(viii) The closing price of the warrants of the Company as quoted on the Stock Exchange on the Latest Practicable Date was HK$0.2550 per warrant traded on the Stock Exchange.

4. DISCLOSURE OF INTERESTS UNDER THE SFO

(i) Directors' interests and short positions in the Shares and the shares of the Company's associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company and 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 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 (the "**Model Code**"), to be notified to the Company and the Stock Exchange; or (iv) to be disclosed in this Composite Document pursuant to the requirements of the Takeovers Code, were as follows:

Long positions in Shares

As at the Latest Practicable Date, the table below sets out the long positions in the Shares and underlying shares held by the Directors and chief executives of the Company:

	Number of Shares				
Name of Director	**Personal interest**	**Interests in controlled corporation**	**Interests in underlying Shares**	**Total**	**Approximate percentage of total issued share capital** *(%)*
Chung Yuk Lun	1,340,000	nil	nil	1,340,000	0.72
Shimazaki Koji	1,340,000	nil	nil	1,340,000	0.72

Save as disclosed under this section 4(i), as at the Latest Practicable Date, none of the Directors or chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying shares or 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 Divisions 7 and 8 of Part XV of 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, to be notified to the Company and the Stock Exchange; or (iv) to be disclosed in this Composite Document pursuant to the requirements of the Takeovers Code.

(ii) Substantial shareholders' interests and short positions in the Shares

As at the Latest Practicable Date, the following persons (other than a Director or chief executive of the Company) were substantial shareholders (as defined in the Listing Rules) of the Company and had an interest or a short position 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 which were required to be entered into the register required to be kept by the Company under section 336 of the SFO and the amount of each such person's interest in such securities, together with particulars of any options in respect of such capital, were as follows:

Long positions in Shares

Name of Shareholder	Nature of interest	Number of Shares	Approximate percentage of total issued share capital *(%)*
HEC Capital Limited *(Note 1)*	Interest of a controlled corporation	13,468,875	7.19
Freeman Financial Corporation Limited *(Note 2)*	Interest of a controlled corporation	9,944,375	5.31
Willie International Holdings Limited *(Note 3)*	Interest of a controlled corporation	15,960,500	8.52
Mr. Hu Haisong *(Note 4)*	Interest of a controlled corporation	39,373,750	21.01
ADM Investment Management Limited *(Note 5)*	Interest of a controlled corporation	39,373,750	21.01

Notes:

1. Murtsa Capital Management Limited, the beneficial owner of 13,468,875 Shares, is a wholly owned subsidiary of HEC Development Limited which itself is a wholly owned subsidiary of HEC Capital Limited;

2. Smart Jump Corporation, the beneficial owner of 9,944,375 Shares, is a wholly owned subsidiary of Asia Hunter Global Limited which itself is a wholly owned subsidiary of Freeman Financial Corporation Limited;

3. Pearl Decade Limited, the beneficial owner of 15,960,500 Shares, is a wholly owned subsidiary of Nice Hill International Limited which itself is a wholly owned subsidiary of Rawcliffe International Limited. Rawcliffe International Limited is a wholly owned subsidiary of Willie Resources Incorporated, which itself is a wholly owned subsidiary of Willie International Holdings Limited;

4. Eagle Ride Investments Limited, the Offeror, is a wholly owned subsidiary of APAC Investment Holdings Limited, which is beneficially owned as to approximately 89.6% by Mr. Hu and approximately 10.4% by the Investors (whose interests are held on trust by Mr. Hu); and

5. Twelve Dragons Limited, a company having a security interest in 39,373,750 Shares, is a wholly owned subsidiary of ADM Galleus Fund II Limited which itself is managed by ADM Investment Management Limited.

Save as disclosed under this section 4(ii), the Directors were not aware that there was any person (other than a Director or chief executive of the Company) who, as at the Latest Practicable Date, was a substantial shareholder of the Company (as defined in the Listing Rules) and had an interest or short position 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 which were required to be entered into the register required to be kept by the Company under section 336 of the SFO or which were required to be disclosed in this Composite Document pursuant to the Takeovers Code.

5. DISCLOSURE OF INTERESTS UNDER THE TAKEOVERS CODE

(i) Interests discloseable under Schedule I of the Takeovers Code

As at the Latest Practicable Date:

(a) none of the Offeror nor its Concert Parties owned or controlled any Shares, convertible securities, warrants, options or derivatives of the Company;

(b) none of the Offeror nor its Concert Parties had borrowed or lent any Shares, convertible securities, warrants, options or derivatives of the Company;

(c) there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code between the Offeror, or its Concert Parties or any other associate of the Offeror, and any other person during the Relevant Period; and

(d) the Offeror or the Concert Parties do not hold any convertible securities, options or warrants of the Company.

(ii) Interests discloseable under Schedule II of the Takeovers Code

As at the Latest Practicable Date:

(a) the Company had no holdings of shares, convertible securities, warrants, options or derivatives of the Offeror;

(b) save as disclosed in the sections headed "Disclosure of Interests under the SFO – Directors' interests and short positions in the Shares and the shares of the Company's associated corporations" and "Disclosure of Interests under the SFO – Substantial shareholders' interests and short positions in the Shares" in Appendix III of this Composite Document, none of the Directors was interested in any Shares, convertible securities, warrants, options or derivatives of the Company and none of the Directors was interested in any shares, convertible securities, warrants, options or derivatives of the Offeror;

(c) save as the fact that Chung Nam, a stockbroker of the Company, held 37 Shares in its own account, no subsidiary of the Company, nor any pension fund of the Company or any of its subsidiaries, nor any adviser to the Company as specified in class (2) of the definition of associate in the Takeovers Code owned or controlled any Shares, convertible securities, warrants, options or derivatives of the Company;

(d) there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code between the Company, or any party who is an associate of the Company by virtue of classes (1), (2), (3) or (4) of the definition of associate in the Takeovers Code, and any other person;

(e) no Shares, convertible securities, warrants, options or derivatives of the Company were managed on a discretionary basis by fund managers connected with the Company;

(f) the Directors intend to accept the Share Offer in respect of their own beneficial shareholdings; and

(g) none of the Company nor any Directors had borrowed or lent any Shares, convertible securities, warrants, options or derivatives of the Company.

6. DEALINGS IN SECURITIES

(i) Dealings in Shares under Schedule I of the Takeovers Code

As at the Latest Practicable Date:

(a) save for the SPA to which the Offeror is a party, none of the Offeror nor its Concert Parties has dealt for value in the Shares, convertible securities, warrants, options or derivatives of the Company during the Relevant Period;

(b) none of the directors of the Offeror has dealt for value in the Shares, convertible securities, warrants, options or derivatives of the Company during the Relevant Period;

(c) the Offeror and the Concert Parties have not received any irrevocable commitment to accept the Offers;

(d) the Offeror or the Concert Parties do not hold any convertible securities, options or warrants of the Company;

(e) there is no outstanding derivative in respect of the securities in the Company which has been entered into by the Offeror or its Concert Parties;

(f) save as disclosed in the paragraphs headed "Confirmation of financial resources" and "Intentions of the Offeror in relation to itself and the Group" in this Composite Document, there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the shares of the Offeror or the Company and which might be material to the Offers;

(g) there is no agreement or arrangement to which the Offeror is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offers;

(h) the Offeror and the Concert Parties have not borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company; and

(i) there are no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Offeror, or its Concert Parties during the Relevant Period.

(ii) Dealing in Shares under Schedule II of the Takeovers Code

(a) the Company has not dealt for value in the shares, convertible securities, warrants, options or derivatives of the Offeror during the Relevant Period;

(b) none of the Directors has dealt for value in the shares, convertible securities, warrants, options or derivatives of any of the Company or the Offeror during the Relevant Period;

(c) none of the subsidiaries of the Company, any pension fund of the Company or any of its subsidiaries, nor any adviser to the Company as specified in class (2) of the definition of associate in the Takeovers Code has dealt for value in the Shares, convertible securities, warrants, options or derivatives of the Company during the Offer Period and ending on the Latest Practicable Date; and

(d) no fund manager managing funds on a discretionary basis which are connected with the Company has dealt for value in the Shares, convertible securities, warrants, options or derivatives of the Company during the Offer Period and ending on the Latest Practicable Date.

7. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration or claim of material importance and the Directors were not aware of any litigation or claim of material importance pending or threatened by or against any member of the Group.

8. MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries, had been entered into by the Group after the date falling two years before the commencement of the Offer Period up to and including the Latest Practicable Date:

(i) the underwriting agreement dated 7 November 2011 entered into between the Company and Freeman Securities Limited as underwriter in relation to the rights issue of the Company on the basis of four rights shares for every share held on the record date of 22 February 2012 with bonus warrants on the basis of one bonus warrant for every four rights shares taken up under the rights issues to raise approximately HK$128.80 million as detailed in the circular of the Company dated 20 January 2012; and

(ii) the placing agreement dated 8 April 2013 and supplemental agreement dated 9 April 2013 entered into between Chung Nam as placing agent and the Company in respect of the placing of a maximum of 242,079,719 shares of the Company at the placing price of HK$0.065 per share.

9. SERVICE CONTRACTS

The Company and Mr. Cheung Wing Ping ("**Mr. Cheung**"), an executive Director, mutually verbally agreed on or around 28 June 2013 that the salary of Mr. Cheung was revised from HK$60,000 per month pursuant to Mr. Cheung's service contract (the "**Service Contract**") with the Company dated 5 July 2011 (which is due to expire on 30 June 2014) to HK$20,000 per month with effect from 1 July 2013. Save as such revision of salary, there was no change in the terms of the Service Contract. According to the Service Contract, Mr. Cheung is entitled to a performance bonus, if any, which is subject to his performance and at the absolute discretion of the Company. There is no other fixed or variable remuneration payable to Mr. Cheung under the Service Contract except the aforesaid items. Save as disclosed in this paragraph, none of the Directors had entered into any service contract (including continuous or fixed term contracts) with the Company or any of its subsidiaries or associated companies which (a) were entered into or amended within 6 months before the commencement of the Offer Period; (b) were continuous contracts with a notice period of 12 months or more; or (c) were fixed term contracts with more than 12 months to run irrespective of the notice period.

10. ARRANGEMENTS IN RELATION TO THE OFFERS

As at the Latest Practicable Date:

(i) there was no benefit (other than statutory compensation) to be given to any Director as compensation for loss of office or otherwise in connection with the Offers;

(ii) save that, upon the request of the Vendor, the Board has resolved to provide appropriate assistance, where necessary, for the SPA Completion which includes all completion matters included in the SPA Conditions and the warranties given by the Vendor and the Guarantor in which the Company is involved to facilitate the SPA Completion, there was no agreement or arrangement between any Director and any other person which was conditional on or dependent upon the outcome of the Offers or otherwise connected with the Offers;

(iii) there was no material contract entered into by the Offeror in which any Director has a material personal interest;

(iv) save for the SPA entered into between the Offeror and the Vendor and the Guarantor, being Shareholders, no agreement, arrangement or understanding (including any compensation arrangement) exists between the Offeror or its Concert Parties and any Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the Offers; and

(v) save as disclosed in the paragraphs headed "Confirmation of financial resources" and "Intentions of the Offeror in relation to itself and the Group" in this Composite Document, there was no agreement, arrangement or understanding between the Offeror and any other person to transfer, charge or pledge the interests in the Shares and/or the Warrants acquired in pursuance of the Offers.

11. EXPERTS

The following are qualifications of each of the experts who are named in this Composite Document or have given their opinion, letters or advice which are contained in this Composite Document:

DTCFL	a licensed corporation registered under the SFO to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities as defined in the SFO, being the financial adviser to the Offeror in respect of the Offers
Independent Financial Adviser	a licensed corporation registered under the SFO to carry on type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporation finance) and type 9 (asset management) regulated activities as defined in the SFO

12. CONSENTS

Each of DTCFL and the Independent Financial Adviser has given and has not withdrawn its respective written consent to the issue of this Composite Document with the inclusion herein of its letter and/or the references to its name, in the form and context in which they are included.

13. GENERAL

(i) The directors of the Offeror are Mr. Hu and Twelve Dragons Limited. The director of APAC is Mr. Hu. The directors of Twelve Dragons Limited are Mr. Alexander Shaik and Ms. Grace Mei Zie Tan;

(ii) The Hong Kong branch share registrar of the Company is Computershare Hong Kong Investor Services Limited;

(iii) The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business in Hong Kong is at Room 3111, 31st Floor, China United Centre, No. 28 Marble Road, North Point, Hong Kong;

(iv) The registered office of the Offeror is at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands. The registered office of APAC is at Offshore Chambers, P.O. Box 217, Apia, Samoa. The correspondence address of the Offeror, APAC and Mr. Hu in Hong Kong is Room 2301, China Resources Building, 26 Harbour Road, Wan Chai, Hong Kong;

(v) The registered office of Twelve Dragons Limited is at Commerce House, Wickhams Cay 1, P.O. Box 3140, Road Town, Tortola, British Virgin Islands. The registered office of ADM Galleus Fund II Limited is at P.O. Box 268 GT, 4th Floor, Willow House, Cricket Square, Grand Cayman, Cayman Islands KY1-1104. The correspondence address of Twelve Dragons Limited and ADM Galleus Fund II Limited in Hong Kong is at 1008 ICBC Tower, 3 Garden Road, Central, Hong Kong;

(vi) The address of the Investors, namely (i) RB International Investments Asia Limited is at Brumby Centre, Lot 42, Jalan Muhibbah, 8700 Labuan F.T., Malaysia; (ii) Mr. Zhang Dachun（張大春）is at Room 1308, 13/F, Chung Ying House, Tin Chung Court, Tin Shui Wai, Hong Kong; (iii) Mr. Ping Kim（平劍）is at Room 617, Block C, Yuheti, Luohu, Shenzhen; (iv) Mr. Gan Lianbin（甘連斌）is at No. 902, Unit 1, 21/F, Sanhe Lane South, Huangcun County, Daxing District, Beijing; (v) Triunion (H.K.) Cereal & Oil Company Limited is at Suite 702, 7th Floor, Wing On Life Building, No.22-22A Des Voeux Road Central, Hong Kong; (vi) Mr. Wang Haibin（王海濱）is at Unit A4, 3/F, Great George Building, 27 Paterson Street, Hong Kong; and (vii) Mr. Huang Huihuang*（黃輝煌）is at Room 804, 302 Hengfu Road, Tianhe District, Guangzhou;

(vii) The registered address of DTCFL, being the financial adviser to the Offeror and the agent making the Offers on behalf of the Offeror, is at 32/F., One Pacific Place, 88 Queensway, Admiralty, Hong Kong;

(viii) The address of the Independent Financial Adviser, being the independent financial adviser to the Independent Board Committee, the Independent Shareholders and the Warrantholders, is at Room 3609, 36/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong; and

(ix) The English text of this Composite Document and the Form(s) of Acceptance shall prevail over the Chinese text in case of inconsistencies.

14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for inspection (i) on the websites of the Company and the SFC at http://www.radfordcap.com and http://www.sfc.hk/, respectively; and (ii) at the principal place of business of the Company in Hong Kong at Room 3111, 31st Floor, China United Centre, No. 28 Marble Road, North Point, Hong Kong, during normal business hours from 9:00 a.m. to 5:00 p.m., Monday to Friday (except public holidays) during the period from the date of this Composite Document to the Closing Date:

(i) a copy of this Composite Document;

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

(iii) the memorandum of association and articles of association of the Offeror;

(iv) the annual reports of the Company for each of the two years ended 31 December 2011 and 31 December 2012;

(v) the interim report of the Company for the six months ended 30 June 2013;

(vi) the letter from DTCFL, the financial adviser to the Offeror and the agent making the Offers for and on behalf of the Offeror, the text of which is set out on pages 11 to 26 of this Composite Document;

(vii) the letter from the Board, the text of which is set out on pages 27 to 32 of this Composite Document;

(viii) the letter of recommendation from the Independent Board Committee to the Independent Shareholders and the Warrantholders in respect of the Offers, the text of which is set out on pages 33 to 34 of this Composite Document;

(ix) the letter of advice from the Independent Financial Adviser to the Independent Board Committee, the Independent Shareholders and the Warrantholders in respect of the terms of the Offers, the text of which is set out on pages 35 to 54 of this Composite Document;

(x) the written consents from each of the parties listed in the section headed "Consents" in this Appendix;

(xi) the material contracts referred to in the section headed "Material contracts" in this Appendix; and

(xii) the Service Contract of Mr. Cheung referred to in the section headed "Service contracts" in this Appendix.