
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Capital VC Limited, you should at once hand this circular together with the enclosed form of proxy to the purchaser or the transferee or to the bank manager, licensed securities dealer or registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser or the transferee. This circular appears for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



Capital VC Limited 首都創投有限公司

*(Incorporated in the Cayman Islands with limited liability
and carrying on business in Hong Kong as CNI VC Limited)*

(Stock Code: 02324)

- (1) PROPOSED OPEN OFFER OF NOT LESS THAN 605,572,096
OFFER SHARES AND NOT MORE THAN 685,572,096 OFFER
SHARES AT HK\$0.25 PER OFFER SHARE ON THE BASIS OF
4 OFFER SHARES FOR EVERY 1 EXISTING SHARE HELD ON THE
RECORD DATE WITH THE BONUS ISSUE ON THE BASIS OF 1 BONUS WARRANT
FOR EVERY 4 OFFER SHARES TAKEN UP UNDER THE OPEN OFFER;
AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

Financial adviser to the Company

AMASSE CAPITAL
寶 積 資 本

Underwriter

TANRICH

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

VINCO 城 高

Grand Vinco Capital Limited

(A wholly owned subsidiary of Vinco Financial Group Limited)

A letter from the Board is set out on pages 8 to 20 of this circular. A letter of advice from Vinco Capital to the Independent Board Committee and the Independent Shareholders is set out on pages 23 to 41 of this circular. The recommendation of the Independent Board Committee to the Independent Shareholders is set out on pages 21 to 22 of this circular.

A notice convening the EGM to be held at 14/F, Fairmont House, 8 Cotton Tree Drive, Central, Hong Kong at 11:30 a.m. on Monday, 17 March 2014 is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for use at the EGM is enclosed. Whether or not you intend to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so desire.

The Open Offer is subject to the satisfaction of certain conditions as described under the section headed "Conditions of the Open Offer". In particular, it is subject to the Underwriter not terminating the Underwriting Agreement (see the section headed "Termination of the Underwriting Agreement" herein) on or before the Latest Time for Termination. Accordingly, the Open Offer may or may not become unconditional and may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares up to the date when the conditions of the Open Offer are fulfilled.

27 February 2014

CONTENTS

	<i>Page</i>
Definitions	1
Expected Timetable	5
Termination of the Underwriting Agreement	7
Letter from the Board	8
Letter from the Independent Board Committee	21
Letter from Vinco Capital	23
Appendix I – Financial Information	I-1
Appendix II – Unaudited Pro Forma Financial Information	II-1
Appendix III – Summary of Terms of Bonus Warrants	III-1
Appendix IV – General Information	IV-1
Appendix V – Additional Disclosure	V-1
Notice of EGM	EGM-1

DEFINITIONS

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

“Announcement”	the announcement of the Company dated 27 January 2014 in relation to, among other, the Open Offer with the Bonus Issue
“Application Form(s)”	the form(s) of application in respect of the Open Offer
“associates”	has the meaning as in the Listing Rules
“Board”	the board of Directors
“Bonus Issue”	the issue of Bonus Warrants
“Bonus Warrant(s)”	the bonus warrant(s) to be issued by the Company to the first holders of the Offer Shares on the basis of one Bonus Warrant for every four Offer Shares taken up under the Open Offer, conferring rights on the holder(s) thereof to subscribe for the Warrant Share(s) at the Exercise Price
“business day”	a day (other than a Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies Ordinance”	the Companies Ordinance, Chapter 32 of the Laws of Hong Kong (as amended from time to time)
“Company”	Capital VC Limited, a company incorporated in the Cayman Islands with limited liability and carrying on business in Hong Kong as CNI VC Limited, whose shares are listed on the main board of the Stock Exchange
“Convertible Bonds”	outstanding convertible bonds with an aggregate principal amount of HK\$20,000,000 issued on 27 March 2013 which are convertible into Shares at conversion price of HK\$1.00 per Share (subject to adjustments)
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve the Underwriting Agreement and the Open Offer with the Bonus Issue (or any adjournment thereof)

DEFINITIONS

“Excluded Shareholder(s)”	the Overseas Shareholders to whom the Board, based on legal opinions provided by legal advisers, considers it necessary or expedient not to offer the Offer Shares and the Bonus Warrants on account either of legal restrictions under the laws of relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Exercise Price”	the price payable for each Warrant Share on exercise of the subscription rights attaching to the Bonus Warrants, which is initially set at HK\$0.25 per Warrant Share (subject to adjustments)
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	a committee of the Board (comprising Mr. Lam Kwan, Mr. Ong Chi King and Mr. Lee Ming Gin, all being independent non-executive Directors) established to advise the Independent Shareholders on the Underwriting Agreement and the Open Offer with the Bonus Issue
“Independent Financial Adviser” or “Vinco Capital”	Grand Vinco Capital Limited, a wholly-owned subsidiary of Vinco Financial Group Limited (stock code: 8340), a licensed corporation under the SFO to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Underwriting Agreement and the Open Offer with the Bonus Issue
“Independent Shareholders”	Shareholder(s) other than any controlling Shareholders and their associates or, where there are no controlling Shareholders, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates
“Investment Management Agreement”	the management agreement entered into between the Company and the Investment Manager
“Investment Manager”	China Angel Fund Management (HK) Company Limited, a company incorporated in Hong Kong

DEFINITIONS

“Last Trading Day”	Monday, 27 January 2014, being the last trading day for the Shares of the Company immediately prior to the release of the Announcement
“Latest Practicable Date”	24 February 2014, being the latest practicable date for ascertaining certain information in this circular
“Latest Time for Acceptance”	4:00 p.m. on Wednesday, 9 April or such other time or date as may be agreed between the Underwriter and the Company, being the latest time for acceptance of, and payment for, the Offer Shares
“Latest Time for Termination”	4:00 p.m. on Friday, 11 April 2014 or such other time or date as may be agreed between the Underwriter and the Company, being the latest time to terminate the Underwriting Agreement
“Listing Committee”	has the meaning ascribed thereto in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Offer Share(s)”	not less than 605,572,096 new Shares and not more than 685,572,096 new Shares to be issued by the Company pursuant to the Open Offer
“Open Offer”	the proposed issue of Offer Shares by way of open offer on the basis of four Offer Shares for every one existing Share held on the Record Date to the Qualifying Shareholders on the terms to be set out in the Prospectus Documents
“Overseas Shareholder(s)”	the Shareholders with registered addresses (as shown in the register of members of the Company on the Record Date) which are outside Hong Kong
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus to be issued by the Company in relation to the Open Offer
“Prospectus Documents”	the Prospectus and the Application Form(s)
“Prospectus Posting Date”	26 March 2014 or such other date as may be agreed between the Underwriter and the Company for the despatch of the Prospectus Documents

DEFINITIONS

“Qualifying Shareholder(s)”	the Shareholder(s), other than the Excluded Shareholder(s), whose name(s) appear(s) on the register of members of the Company on the Record Date
“Record Date”	25 March 2014, the date for the determination of the entitlements to participate in the Open Offer
“Registrar”	the Company’s branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	subscription price of HK\$0.25 per Offer Share
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Underwriter”	Tanrich Securities Company Limited, a licensed corporation to carry on Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Underwriting Agreement”	the underwriting agreement dated 27 January 2014 (as supplemented on 24 February 2014) entered into among the Company and the Underwriter in relation to the underwriting of the Underwritten Shares
“Underwritten Shares”	Not less than 605,572,096 Offer Shares and not more than 685,572,096 Offer Shares
“Warrant Share(s)”	the new Share(s) to be issued by the Company upon exercise of the subscription rights attaching to the Bonus Warrant(s)
“%”	per cent.

EXPECTED TIMETABLE

The expected timetable for the Open Offer set out below is for indicative purposes only and it has been prepared on the assumption that all the conditions of the Open Offer will be fulfilled. The expected timetable is subject to change, and any such change will be announced by way of a separate announcement by the Company as and when appropriate.

Event

Latest time for lodging proxy forms for the EGM	11:30 a.m. on Saturday, 15 March 2014
Expected date of the EGM	11:30 a.m. on Monday, 17 March 2014
Announcement of results of the EGM.	Monday, 17 March 2014
Last day of dealings in the Shares on a cum-entitlement basis	Tuesday, 18 March 2014
First day of dealings in the Shares on an ex-entitlement basis	Wednesday, 19 March 2014
Latest time for lodging transfer of shares for entitlement to the Open Offer	4:30 p.m. on Thursday, 20 March 2014
Book closure period (both days inclusive)	Friday, 21 March 2014 to Tuesday, 25 March 2014
Record Date	Tuesday, 25 March 2014
Register of members re-opens	Wednesday, 26 March 2014
Despatch of Prospectus Documents.	Wednesday, 26 March 2014
Latest time for payment for and acceptance of the Open Offer	4:00 p.m. on Wednesday, 9 April 2014
Latest time for the Open Offer becomes unconditional	4:00 p.m. on Friday, 11 April 2014
Announcement on results of the Open Offer	Wednesday, 16 April 2014
Share certificates of Offer Shares and Bonus Warrants to be posted.	Thursday, 17 April 2014
Dealings in Offer Shares expected to commence.	Tuesday, 22 April 2014

EXPECTED TIMETABLE

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

All times stated in this circular refer to Hong Kong time. The latest time for acceptance of and payment for the Offer Shares will be postponed if there is:

- a tropical cyclone warning signal number 8 or above, or
 - a “black” rainstorm warning
- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Wednesday, 9 April 2014. Instead the latest time for acceptance of and payment for the Open Offer will be extended to 5:00 p.m. on the same business day;
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Wednesday, 9 April 2014. Instead the latest time of acceptance of and payment for the Open Offer will be rescheduled to 4:00 p.m. on the following business day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Offer Shares does not take place at the Latest Time for Acceptance, the dates mentioned in the section headed “Expected Timetable” in this circular may be affected. The Company will notify Shareholders by way of announcements on any change to the expected timetable as soon as practicable.

TERMINATION OF THE UNDERWRITING AGREEMENT

The Underwriter may by notice in writing to the Company served prior to the Latest Time for Termination terminate the Underwriting Agreement without liability to the Company on any of the following grounds:

1. the success of the Open Offer would be materially and adversely affected by the development, occurrence or enforcement of:
 - (a) any new law or regulation or any change in existing laws or regulations in the reasonable opinion of the Underwriter has or is likely to have a material and adverse effect on the financial position of the Group as a whole; or
 - (b) any significant change (whether or not permanent) in local, national or international economic, financial, political or military conditions which in the reasonable opinion of the Underwriter is or would be materially adverse to the success of the Open Offer;
 - (c) any significant change (whether or not permanent) in local, national or international securities market conditions or currency exchange rates or exchange controls which in the reasonable opinion of the Underwriter is or would be materially adverse to the success of the Open Offer, or makes it impracticable or inadvisable or inexpedient to proceed therewith;
 - (d) any suspension of dealings in the Shares for any period longer than five consecutive business days after the date of the Underwriting Agreement (other than as a result of the Open Offer); or
 - (e) any moratorium, suspension or material restriction on trading in shares or securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise at any time prior to the Latest Time for Termination; or
2. any breach of any of representations, warranties and undertakings in the Underwriting Agreement in any material respect by the Company comes to the knowledge of the Underwriter; or
3. any event occurs or any matter arises on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of such representations, warranties and undertakings untrue or incorrect in any material respect in such a manner as would in the absolute opinion of the Underwriter materially and adversely affect the financial position or business of the Group as a whole; or
4. there is any such adverse change in the general affairs, management, business, stockholders' equity or in the financial or trading position of the Group as a whole which in the absolute opinion of the Underwriter is materially adverse to the success of the Open Offer; or
5. there is any change in the composition of the Board which in the absolute opinion of the Underwriter may affect the management and general affairs of the Company.

In the event that the Underwriter terminates the Underwriting Agreement by notice in writing to the Company on or before the Latest Time for Termination, all obligations of the Underwriter and the Company under the Underwriting Agreement shall cease and determine and no party shall have any claim against any other party in respect of any matter or thing arising out of and in connection with the Underwriting Agreement save for, among others, any antecedent breach of any obligation under the Underwriting Agreement. In such circumstance, the Open Offer will not proceed.

LETTER FROM THE BOARD



CAPITAL
VC LIMITED

首都創投有限公司

Capital VC Limited 首都創投有限公司

*(Incorporated in the Cayman Islands with limited liability
and carrying on business in Hong Kong as CNI VC Limited)*
(Stock Code: 02324)

Executive Directors:

Mr. Kong Fanpeng
Mr. Chan Cheong Yee
Mr. Tang Tsz Tung

Independent non-executive Directors:

Mr. Lam Kwan
Mr. Ong Chi King
Mr. Lee Ming Gin

Registered Office:

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

*Principal place of business
in Hong Kong:*

Unit 2302, 23rd Floor
New World Tower 1
18 Queen's Road Central
Hong Kong

27 February 2014

To the Qualifying Shareholders and, for information only, the Excluded Shareholders

Dear Sir or Madam,

- (1) PROPOSED OPEN OFFER OF NOT LESS THAN 605,572,096
OFFER SHARES AND NOT MORE THAN 685,572,096 OFFER
SHARES AT HK\$0.25 PER OFFER SHARE ON THE BASIS OF
4 OFFER SHARES FOR EVERY 1 EXISTING SHARE HELD ON THE
RECORD DATE WITH THE BONUS ISSUE ON THE BASIS OF 1 BONUS WARRANT
FOR EVERY 4 OFFER SHARES TAKEN UP UNDER THE OPEN OFFER;
AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the Announcement in relation to, among others, the Underwriting Agreement and the Open Offer with the Bonus Issue.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with further details of the Open Offer with the Bonus Issue, including, among others, (i) a letter from the Independent Board Committee to the Independent Shareholders setting out their advice in relation to the Underwriting Agreement and the Open Offer with the Bonus Issue; (ii) a letter of advice from Vinco Capital to the Independent Board Committee and the Independent Shareholders in relation to the Underwriting Agreement and the Open Offer with the Bonus Issue, and (iii) the notice of the EGM.

PROPOSED OPEN OFFER WITH THE BONUS ISSUE

Issue statistics

Basis of the Open Offer:	Four (4) Offer Shares for every one (1) existing Share held on the Record Date, together with one (1) Bonus Warrant for every four (4) Offer Shares taken up under the Open Offer.
Subscription Price:	HK\$0.25 per Offer Share
Exercise Price of the Bonus Warrant:	HK\$0.25 per Warrant Share
Number of Shares in issue as at the Latest Practicable Date:	151,393,024 Shares
Number of Offer Shares:	Not less than 605,572,096 Offer Shares and not more than 685,572,096 Offer Shares. The aggregate nominal value of the total Offer Shares will be not less than HK\$605,572.096 and not more than HK\$685,572.096.
Number of Bonus Warrants:	Not less than 151,393,024 Bonus Warrants and not more than 171,393,024 Bonus Warrants to be issued to the first registered holders of the Offer Shares on the basis of one Bonus Warrant for every four Offer Shares taken up under the Open Offer. The aggregate nominal value of the total Warrant Shares will be not less than HK\$151,393.024 and not more than HK\$171,393.024.
Number of Shares (before the exercise of the subscription rights attaching to any Bonus Warrants) in issue upon completion of the Open Offer:	Not less than 756,965,120 Shares and not more than 856,965,120 Shares.

LETTER FROM THE BOARD

Number of Shares (after full exercise of the subscription rights attaching to the Bonus Warrants) in issue upon completion of the Open Offer: Not less than 908,358,144 Shares and not more than 1,028,358,144 Shares.

Amount raised before expenses: Not less than approximately HK\$151 million and not more than approximately HK\$171 million.

Upon full exercise of the subscription rights attaching to the Bonus Warrants, an addition of not less than approximately HK\$38 million and not more than approximately HK\$43 million will be raised.

As at the Latest Practicable Date, the Convertible Bonds in the aggregate principal amount of HK\$20 million are outstanding, which could be convertible into up to 20,000,000 Shares. Save for the Convertible Bonds, there are no other outstanding options, warrants or securities convertible or exchangeable into the Shares.

Based on 151,393,024 Shares in issue as at the Latest Practicable Date and assuming that there is no change to the issued share capital of the Company from the Latest Practicable Date up to the Record Date, upon completion of the Open Offer, 605,572,096 Offer Shares and 151,393,024 Bonus Warrants will be issued. Assuming the Convertible Bonds were converted in full on or before the Record Date and there is no other change to the issued share capital of the Company from the Latest Practicable Date up to the Record Date, upon completion of the Open Offer, 685,572,096 Offer Shares and 171,393,024 Bonus Warrants will be issued.

Assuming that there is no change to the issued share capital of the Company from the Latest Practicable Date up to the Record Date, 605,572,096 Offer Shares proposed to be allotted pursuant to the Open Offer represent: (i) 400% of the issued share capital of the Company as at the Latest Practicable Date; (ii) approximately 80% of the issued share capital of the Company as enlarged by the allotment and issue of the Offer Shares; and (iii) approximately 66.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Offer Shares and the Warrant Shares.

Assuming that the Convertible Bonds are converted in full on or before the Record Date and there is no other change to the issued share capital of the Company from the Latest Practicable Date up to the Record Date, 685,572,096 Offer Shares proposed to be allotted pursuant to the Open Offer represent: (i) 452.8% of the issued share capital of the Company as at the Latest Practicable Date; (ii) approximately 80% of the issued share capital of the Company as enlarged by the allotment and issue of the Offer Shares; and (iii) approximately 66.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Offer Shares and the Warrant Shares.

LETTER FROM THE BOARD

Bonus Warrants

Subject to fulfillment of the conditions of the Open Offer, the Bonus Warrants will be issued to the first registered holders of the Offer Shares on the basis of one Bonus Warrant for every four Offer Shares taken up under the Open Offer. A summary of the terms of the Bonus Warrants is set out in Appendix III to this circular.

On the basis of not less than 605,572,096 Offer Shares and not more than 685,572,096 Offer Shares, there will be not less than 151,393,024 Bonus Warrants and not more than 171,393,024 Bonus Warrants to be issued.

The subscription rights attaching to the Bonus Warrants may be exercised at any time between the issue date of the Bonus Warrants and the second anniversary of the issue date of the Bonus Warrants.

The Warrant Shares to be issued upon full exercise of the subscription rights attaching to the Bonus Warrants represent: (i) approximately 100% of the issued share capital of the Company as at the Record Date; (ii) approximately 20% of issued share capital of the Company as enlarged by the issue and allotment of the Offer Shares; and (iii) approximately 16.67% issued share capital of the Company as enlarged by the allotment and issue of the Offer Shares and the Warrant Shares.

Subscription Price and initial Exercise Price

Both the Subscription Price and the initial Exercise Price are HK\$0.25, payable in full when a Qualifying Shareholder accepts his/her/its provisional allotment under the Open Offer or exercises the subscription rights attaching to the Bonus Warrants (as the case may be).

The Subscription Price and the initial Exercise Price represents:

- (a) a discount of approximately 59.02% to the closing price of HK\$0.61 per Share as quoted on the Stock Exchange on 27 January 2014, being the Last Trading Day;
- (b) a discount of approximately 22.36% to the theoretical ex-entitlements price of approximately HK\$0.322 per Share based on the closing price of HK\$0.61 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (c) a discount of approximately 62.01% to the average closing price of approximately HK\$0.658 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day;
- (d) a discount of approximately 62.91% to the average closing price of approximately HK\$0.674 per Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day; and
- (e) a discount of approximately 58.33% to the closing price of HK\$0.60 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

LETTER FROM THE BOARD

The Subscription Price and the initial Exercise Price were arrived at after arm's length negotiation between the Company and the Underwriter with reference to, among other things, the prevailing market price and trading liquidity of the Shares prior to the Last Trading Day and the financial positions of the Group. After taking into consideration of the theoretical ex-entitlements price per Share, in order to increase the attractiveness of the Open Offer to the Qualifying Shareholders, the Directors consider that the discount offered by the Subscription Price and initial Exercise Price would encourage Shareholders to take up their entitlements so as to maintain their shareholdings in the Company and participate in the potential growth of the Group. The Directors consider the Subscription Price and initial Exercise Price are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

The Exercise Price and the number of Warrant Shares to be issued upon exercise of the subscription rights attaching to the Bonus Warrants are subject to adjustment upon occurrence of certain events, the details of which are set out in pages III-5 to III-7 in Appendix III to this circular.

Assuming the subscription rights attaching to the Bonus Warrants are fully exercised, the estimated net proceeds of not less than approximately HK\$38 million and not more than HK\$43 million will be raised. The net price per Warrant Share is approximately HK\$0.25. It is intended that such net proceeds, if any, will be applied towards the general working capital of the Group.

Conditions of the Open Offer

The Open Offer is conditional upon the following being fulfilled on or before the Latest Time for Termination:

- (1) the approval of the Independent Shareholders at the EGM in relation to the Open Offer;
- (2) the Company shall procure that the Offer Shares are provisionally allotted by a resolution of the Board on the terms set out in the Prospectus Documents to the Shareholders on or before the Prospectus Posting Date;
- (3) the Company shall, following the issue of a certificate of authorisation of registration under section 342C of the Companies Ordinance, procure a copy of the Prospectus Documents (duly signed by or on behalf of each Director in accordance with section 342C of the Companies Ordinance) to be delivered to the Registrar of Companies in Hong Kong for registration together with any other documents required by applicable law or regulation to be annexed thereto on or before the Prospectus Posting Date;
- (4) (if necessary) the Company shall procure a copy of the Prospectus Documents to be delivered to the Registrar of Companies in the Cayman Islands for filing on or before the Prospectus Posting Date;
- (5) the delivery to the Underwriter certified copies of the minutes of the EGM and the board resolution as mentioned in condition (2) on or before the Prospectus Posting Date;

LETTER FROM THE BOARD

- (6) the posting of the Prospectus Documents to Qualifying Shareholders and the posting of the Prospectus stamped “For Information Only” to the Excluded Shareholders, if any, for information purpose only on or before the Prospectus Posting Date;
- (7) the Listing Committee of the Stock Exchange granting or agreeing to grant and not having withdrawn or revoked listing of and permission to deal in all the Offer Shares and the Warrant Shares, either unconditionally or subject to such conditions which the Underwriter in its opinion accepts and satisfies (if any);
- (8) compliance with the requirements under the applicable laws and regulations of Hong Kong and the Cayman Islands;
- (9) the obligations of the Underwriter under the Underwriting Agreement not being terminated by the Underwriter in accordance with the terms of the Underwriting Agreement; and
- (10) none of the representations, warranties and undertakings in the Underwriting Agreement being breached, untrue, inaccurate or misleading in any material respect.

The conditions precedent are incapable of being waived. If the conditions precedent are not satisfied in whole or in part by the Latest Time for Termination, the Underwriting Agreement shall terminate and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches, and in which case the Open Offer with the Bonus Issue will not proceed.

Status of the Offer Shares and Warrant Shares

Each of the Offer Shares (when allotted, issued and fully paid) and the Warrant Shares (when issued upon exercise of the subscription rights attaching to the Bonus Warrants) will rank *pari passu* in all respects with the then existing Shares in issue on the date of their respective allotment and issue. Holders of the Offer Shares and Warrant Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of their respective allotment and issue.

Application for listing of the Offer Shares and the Warrant Shares on the Stock Exchange

No application will be made for the listing of, or permission to deal in, the Bonus Warrants on the Stock Exchange or other stock exchange. The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Offer Shares and Warrant Shares.

Subject to the granting of the listing of, and permission to deal in, the Offer Shares and Warrant Shares on the Stock Exchange, the Offer Shares and the Warrant Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Shares and the Warrant Shares on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

LETTER FROM THE BOARD

Qualifying Shareholder

The Open Offer is only available to the Qualifying Shareholders. To qualify for the Open Offer, the Qualifying Shareholders must be registered as members of the Company on the Record Date and not be Excluded Shareholders. In order to be registered as a member of the Company on the Record Date, all transfer of Shares must be lodged for registration with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong by 4:30 p.m. on Thursday, 20 March 2014.

As at the Latest Practicable Date, the Company has not had any substantial Shareholders and the Board has not received any information from any substantial Shareholders of their intention to take up the Offer Shares under the Open Offer.

Closure of register of members

The register of members of the Company in Hong Kong will be closed from Friday, 21 March 2014 to Tuesday, 25 March 2014, both days inclusive, to determine the eligibility of Shareholders to subscribe for Offer Shares under the Open Offer. No transfer of Shares will be registered during this period.

Certificates of the Offer Shares and the Bonus Warrants

Subject to the fulfillment of the conditions of the Open Offer with the Bonus Issue, share certificates for the Offer Shares and the Bonus Warrants are expected to be posted to the Qualifying Shareholders who have accepted and applied for (where appropriate), and paid for the Offer Shares on or about Thursday, 17 April 2014 by ordinary post at their own risk.

Excluded Shareholders

If there are any Excluded Shareholders at the close of business on the Record Date, the Excluded Shareholders may not be eligible to take part in the Open Offer with the Bonus Issue as explained below.

The Directors will make enquiries regarding the feasibility of extending the Open Offer with the Bonus Issue to the Excluded Shareholders. If, after making such enquiry, the Board is of the opinion that it would be necessary or expedient, on account either of the legal restrictions under the laws of the relevant place or any requirement of the relevant regulatory body or stock exchange in that place, not to offer the Offer Shares and the Bonus Warrants to such Excluded Shareholders, the Open Offer with the Bonus Issue will not be extended to such Excluded Shareholders. The Company will send the Prospectus to the Excluded Shareholders for their information only, but will not send the Application Forms to the Excluded Shareholders.

The result of the enquiries and the basis of the exclusion will be included in the Prospectus. The Prospectus Documents are not intended to be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong.

LETTER FROM THE BOARD

No application for excess Offer Shares

No Qualifying Shareholder is entitled to apply for any Offer Shares which are in excess to his/her/ its entitlement. Any Offer Shares not taken up by the Qualifying Shareholders, and the Offer Shares to which the Excluded Shareholders would otherwise have been entitled under the Open Offer, will not be available for subscription by other Qualifying Shareholders by way of excess application and will be taken up by the Underwriter.

The Directors hold the view that the Open Offer allows the Qualifying Shareholders to maintain their respective pro rata shareholding in the Company and to participate in the future growth and development of the Group. After arm's length negotiations with the Underwriter, and taking into account that the related administration costs would be lowered in the absence of excess applications, the Directors consider that it is fair and reasonable and in the interests of the Company and the Shareholders as a whole not to offer any excess application to the Shareholders.

UNDERWRITING AGREEMENT

Date:	27 January 2014 (as supplemented by a supplemental agreement entered by the parties to the Underwriting Agreement on 24 February 2014)
Parties:	(1) the Company; and (2) the Underwriter
Number of Underwritten Shares:	Not less than 605,572,096 Offer Shares and not more than 685,572,096 Offer Shares
Commission:	2.5% of the aggregate Subscription Price of the maximum number of the Underwritten Shares (i.e. 685,572,096 Offer Shares)

Pursuant to the Underwriting Agreement, the Underwriter has undertaken to the Company that (i) the Underwriter will not trigger a mandatory offer obligation under Rule 26 of Takeovers Code on the part of the Underwriter in respect of performing its obligations under the Underwriting Agreement; and (ii) none of the subscribers procured by the Underwriter will be a substantial Shareholder holding 10% or more shareholding in the Company.

Underwriter may enter into sub-underwriting arrangement with sub-underwriter(s) or appoint any person to be sub-agent(s) on its behalf for the purpose of arranging for the placing of the Underwritten Shares with selected places with such authority and rights as the Underwriter has pursuant to its appointment under the Underwriting Agreement.

The Directors (including the independent non-executive Directors after taking into account the advice from Vinco Capital) are of the opinion that the terms of the Underwriting Agreement and the amount of commission given to the Underwriter are fair as compared to the market practice and commercially reasonable as agreed between the Company and the Underwriter.

LETTER FROM THE BOARD

To the best of the Directors' knowledge, information and belief, the Underwriter and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons (as defined in the Listing Rules).

REASONS FOR THE OPEN OFFER AND THE USE OF PROCEEDS

The Company and its subsidiaries are principally engaged in investment in listed and unlisted companies mainly in Hong Kong and the PRC.

Further to the Company's positive profit alert announcement dated 15 January 2014, the Company expressed that it had recorded a significant increase in profit attributable to the Shareholders for the six months period ended 31 December 2013. Such an increase was mainly due to the Group's successful investment in listed securities in Hong Kong. However, the significant increase in profits was produced at the expense of its capital structure. As at 31 January 2014, the Group had borrowed approximately HK\$42 million margin financing (that incurs interest expenses) in supporting its investment in listed securities. Besides, the Group has an unsecured loan in the principal amount of HK\$14 million which will be due in April 2014, and the Convertible Bonds in the aggregate principal amount of HK\$20 million, included in which approximately HK\$3.66 million was classified as equity portion and recorded as a reserve account, with accrued interest of approximately HK\$4.98 million to be due in March 2014 (subject to an extension to be agreed between the Company and the bondholders).

The Group's cash and bank balances and cash balance held in securities accounts as at 31 January 2014 amounted in aggregate to HK\$47 million, which is insufficient to repay the above loans. As such, the Group would like to raise additional capital for the purpose of repayment of margin financing, the unsecured loan and the Convertible Bonds (if it is not converted before the completion of the Open Offer), and equip itself with a healthier and stronger capital base to further invest in the securities market to produce an excellent result for the full year ended 30 June 2014.

The Directors consider that the Open Offer, which is on a fully underwritten basis, will (i) allow the Group to strengthen its financial position without having to incur interest expenses as compared to debt financing; (ii) increase the capital base of the Company for future investment purposes; and (iii) provide funding to capture suitable investment opportunities in both listed or unlisted securities when arises. In addition, the Open Offer would provide an opportunity to all Qualifying Shareholders to participate in the growth of the Company in proportion to their shareholdings. Therefore, the Directors (including the independent non-executive Directors after taking into account the advice from Vinco Capital) consider that fund raising through the Open Offer is in the interests of the Company and the Shareholders as a whole.

Apart from the Open Offer, the Board has also considered other financing alternatives such as bank borrowing, issue of new shares and rights issue. Bank borrowing or debt financing will incur interest expenses and may not be achievable on favourable terms on a timely basis. The Board considers that equity financing by way of the Open Offer will give the Qualifying Shareholders the opportunity to maintain their respective pro rata shareholding interests in the Company and to continue to participate in the future development of the Group. Although a rights issue will allow the Shareholders to trade their nil-paid entitlements in the market in nil-paid form, the Board is of the view that such trading arrangements will increase the administrative work and expenses for the proposed fund raising exercise. The Board considers raising funds by way of the Open Offer is more cost-effective and efficient as compared to a rights issue.

LETTER FROM THE BOARD

The gross proceeds of the Open Offer will be not less than approximately HK\$151 million and not more than approximately HK\$171 million. The estimated net proceeds of the Open Offer will be not less than approximately HK\$146 million and the Company intends to apply such net proceeds in the following manner:

- (1) as to approximately HK\$70 million for the purpose of repayment of the margin financing, the unsecured loan and the Convertible Bonds (if it is not converted before the completion of the Open Offer);
- (2) as to approximately HK\$56 million for further investment in listed securities in the industries including but not limited to the natural resources, health and pharmaceutical, forestry, retail, communication technology, software and information technology consultancy, media, industrial, environmental protection, education, food production and distribution, and online and mobile game businesses; and
- (3) as to approximately HK\$20 million for general working capital of the Group for the next two years.

Any additional amount raised from the Open Offer shall be used in further investment in listed securities. As at the Latest Practicable Date, the Company does not have any specific investment targets.

The net price per Offer Share is approximately HK\$0.24.

WARNING OF THE RISKS OF DEALING IN SHARES

The Open Offer with the Bonus Issue is conditional, among other things, upon the obligations of the Underwriter under the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Open Offer with the Bonus Issue may or may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in Shares. Any Shareholders or other persons contemplating dealing in the Shares are recommended to consult their own professional advisers.

LETTER FROM THE BOARD

CHANGES IN SHAREHOLDING STRUCTURE

Assuming that there is no change in the shareholding structure of the Company from the Latest Practicable Date up to the Record Date, the shareholding structure of the Company is set out as follows (for illustration purposes only):

	As at the Latest Practicable Date and up to the Record Date		Immediately upon completion of the Open Offer (assuming all Shareholders have taken up the Offer Shares and without taking into account any Warrant Shares that may be issued)		Immediately upon completion of the Open Offer (assuming no Shareholder has taken up the Offer Shares and without taking into account any Warrant Shares that may be issued)		Immediately upon completion of the Open Offer (assuming all Shareholders have taken up the Offer Shares) and the subscription rights of all the Bonus Warrants have been exercised in full		Immediately upon completion of the Open Offer (assuming no Shareholder has taken up the Offer Shares) and the subscription rights of all the Bonus Warrants have been exercised in full	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Underwriter, sub-underwriter(s) and subscribers procured by any of them	-	-	-	-	605,572,096	80	-	-	756,965,120	83.33
Other Shareholders	151,393,024	100	756,965,120	100	151,393,024	20	908,358,144	100	151,393,024	16.67
Total	151,393,024	100	756,965,120	100	756,965,120	100	908,358,144	100	908,358,144	100

Assuming the Convertible Bonds have been converted in full on or before the Record Date and there is no other change in the shareholding structure of the Company from the Latest Practicable Date up to the Record Date, the shareholding structure of the Company is as follows (for illustration purposes only):

	As at the Latest Practicable Date and up to the Record Date		Immediately upon completion of the Open Offer (assuming all Shareholders have taken up the Offer Shares and without taking into account any Warrant Shares that may be issued)		Immediately upon completion of the Open Offer (assuming no Shareholder has taken up the Offer Shares and without taking into account any Warrant Shares that may be issued)		Immediately upon completion of the Open Offer (assuming all Shareholders have taken up the Offer Shares) and the subscription rights of all the Bonus Warrants have been exercised in full		Immediately upon completion of the Open Offer (assuming no Shareholder has taken up the Offer Shares) and the subscription rights of all the Bonus Warrants have been exercised in full	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Underwriter, sub-underwriter(s) and subscribers procured by any of them	-	-	-	-	685,572,096	80	-	-	856,965,120	83.33
Other Shareholders	171,393,024	100	856,965,120	100	171,393,024	20	1,028,358,144	100	171,393,024	16.67
Total	171,393,024	100	856,965,120	100	856,965,120	100	1,028,358,144	100	1,028,358,144	100

LETTER FROM THE BOARD

ADJUSTMENTS TO THE CONVERSION PRICE OF THE CONVERTIBLE BONDS

As a result of the Open Offer, the conversion price of the Convertible Bonds and the number of Shares to be issued upon conversion of the Convertible Bonds may be adjusted in accordance with the terms and conditions of the Convertible Bonds. Further announcement will be made by the Company in respect of such adjustments as and when appropriate.

FUND RAISING EXERCISES OF THE COMPANY

Save as disclosed below, the Company has not conducted any fund raising activities in the past twelve months before the date of the Announcement and up to the Latest Practicable Date:

Date of announcement	Fund raising activity	Net proceeds raised (approximately)	Proposed use of the net proceeds	Actual use of the net proceeds
03/01/2013	Rights issue	HK\$30.9 million	(1) General working capital of the Group and (2) for future investments pursuant to the investment objectives of the Company.	Used as intended
11/03/2013	Placing of the convertible bonds under general mandate	HK\$19.3 million	(1) General working capital of the Group and (2) for future investments pursuant to the investment objectives of the Company.	Used as intended

LISTING RULES IMPLICATIONS

As the Open Offer will increase the issued share capital of the Company by more than 50%, in accordance with Rule 7.24(5) of the Listing Rules, the Open Offer must be made conditional on approval by Shareholders in general meeting by a resolution on which any controlling Shareholders and their associates or, where there are no controlling Shareholders, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the Open Offer.

To the best of the Directors' knowledge, information and belief having and made all reasonable enquiry, there is no controlling Shareholders as at the Latest Practicable Date. In such circumstances, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the relevant resolution relating to the Open Offer at the EGM. As at the Latest Practicable Date, none of the Directors (excluding independent non-executive Directors), the chief executive of the Company and their respective associates holds any Shares.

LETTER FROM THE BOARD

EGM

A notice convening the EGM at 14/F, Fairmont House, 8 Cotton Tree Drive, Central, Hong Kong on Monday, 17 March 2014 at 11:30 a.m. is set out on pages EGM-1 to EGM-2 of this circular. Whether or not you are able to attend the meeting in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Hong Kong branch share registrars and transfer office of the Company, Tricor Tengis Limited, 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as practicable but in any event not later than 48 hours before the time appointed for the holding of the meeting or the adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the meeting or any adjourned meeting thereof (as the case may be) should you so desire. In such event, the instrument appointing a proxy will be deemed to be revoked.

RECOMMENDATION

The Directors (including independent non-executive Directors after taking into account the advice of Vinco Capital) believe that the terms of the Underwriting Agreement and the Open Offer with the Bonus Issue are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including independent non-executive Directors after taking into account the advice of Vinco Capital) recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM.

Shareholders are advised to read carefully the letter from the Independent Board Committee on pages 21 to 22 of this circular. The Independent Board Committee, having taken into account the advice of Vinco Capital, the text of which is set out on pages 23 to 41 of this circular, considers that the terms of the Underwriting Agreement and the Open Offer with the Bonus Issue are fair and reasonable insofar as the Company and the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolution to approve the Underwriting Agreement and the Open Offer with the Bonus Issue at the EGM.

ADDITIONAL INFORMATION

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

Yours faithfully
By Order of the Board
Capital VC Limited
Tang Tsz Tung
Executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to the Open Offer with the Bonus Issue for the purpose of incorporation in this circular.



CAPITAL
VC LIMITED

首都創投有限公司

Capital VC Limited 首都創投有限公司

*(Incorporated in the Cayman Islands with limited liability
and carrying on business in Hong Kong as CNI VC Limited)*
(Stock Code: 02324)

27 February 2014

To the Independent Shareholders

Dear Sir or Madam,

**PROPOSED OPEN OFFER OF NOT LESS THAN 605,572,096
OFFER SHARES AND NOT MORE THAN 685,572,096 OFFER
SHARES AT HK\$0.25 PER OFFER SHARE ON THE BASIS OF
4 OFFER SHARES FOR EVERY 1 EXISTING SHARE HELD ON THE
RECORD DATE WITH THE BONUS ISSUE ON THE BASIS OF
1 BONUS WARRANT FOR EVERY 4 OFFER SHARES TAKEN UP
UNDER THE OPEN OFFER**

We refer to the circular of the Company dated 27 February 2014 (the “**Circular**”) of which this letter forms part. Unless the context specifies otherwise, capitalised terms used herein have the same meanings as defined in the Circular.

We have been appointed by the Board to advise the Independent Shareholders as to whether the Underwriting Agreement and the Open Offer with the Bonus Issue are in the interests of the Company and the Shareholders as a whole and the terms of which are fair and reasonable so far as the Company and the Independent Shareholders are concerned and to recommend the Independent Shareholders whether to vote for or against the resolution to be proposed at the EGM to approve the Underwriting Agreement and the Open Offer with the Bonus Issue. Vinco Capital has been appointed as the Independent Financial Adviser to advise you and us in this respect.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the terms of the Underwriting Agreement and the Open Offer with Bonus Issue, and the principal reasons and factors considered by, and the advice from Vinco Capital, as set out in its letter of advice to you and us on pages 23 to 41 of the Circular, we are of the opinion that the Underwriting Agreement and the Open Offer with the Bonus Issue are in the interests of the Company and the Shareholders as a whole and the terms of which are fair and reasonable insofar as the Company and the Independent Shareholders are concerned.

Accordingly, we recommend you to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Underwriting Agreement and the Open Offer with the Bonus Issue.

Yours faithfully,

For and on behalf of the Independent Board Committee

Mr. Lam Kwan	Mr. Ong Chi King	Mr. Lee Ming Gin
<i>Independent non-executive</i>	<i>Independent non-executive</i>	<i>Independent non-executive</i>
<i>Director</i>	<i>Director</i>	<i>Director</i>

LETTER FROM VINCO CAPITAL

The following is the text of a letter of advice from Vinco Capital to the Independent Board Committee and the Independent Shareholders in connection with the Underwriting Agreement and the Open Offer with the Bonus Issue which has been prepared for the purpose of incorporation in this circular:



Grand Vinco Capital Limited

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

27 February 2014

*To the Independent Board Committee and the Independent Shareholders of
Capital VC Limited*

Dear Sirs,

**PROPOSED OPEN OFFER OF NOT LESS THAN 605,572,096
OFFER SHARES AND NOT MORE THAN 685,572,096 OFFER
SHARES AT HK\$0.25 PER OFFER SHARE ON THE BASIS OF
4 OFFER SHARES FOR EVERY 1 EXISTING SHARE HELD ON THE
RECORD DATE WITH THE BONUS ISSUE ON THE BASIS OF
1 BONUS WARRANT FOR EVERY 4 OFFER SHARES TAKEN UP
UNDER THE OPEN OFFER**

A. INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the Underwriting Agreement and the Open Offer with the Bonus Issue, details of which are set out in the Letter from the Board in the circular (the "Circular") issued by the Company to the Shareholders dated 27 February 2014 of which this letter forms part. Capitalised terms used in this letter shall have the same meanings ascribed to them in the Circular unless the context otherwise requires.

On 27 January 2014, the Company announced to propose raising not less than approximately HK\$151 million and not more than approximately HK\$171 million before expenses by issuing not less than 605,572,096 Offer Shares and not more than 685,572,096 Offer Shares at the subscription price of HK\$0.25 per Offer Share on the basis of four Offer Shares for every one existing Share held on the Record Date with the Bonus Issue on the basis of one Bonus Warrant for every four Offer Shares taken up under the Open Offer.

LETTER FROM VINCO CAPITAL

Based on 151,393,024 Shares in issue as at the Latest Practicable Date and assuming that there is no change to the issued share capital of the Company from the Latest Practicable Date up to the Record Date, upon completion of the Open Offer, 605,572,096 Offer Shares and 151,393,024 Bonus Warrants will be issued. Assuming that the Convertible Bonds were converted in full on or before the Record Date and there is no other change to the issued share capital of the Company from the Latest Practicable Date up to the Record Date, upon completion of the Open Offer, 685,572,096 Offer Shares and 171,393,024 Bonus Warrants will be issued.

Assuming that there is no change to the issued share capital of the Company from the Latest Practicable Date up to the Record Date, 605,572,096 Offer Shares proposed to be allotted pursuant to the Open Offer represent: (i) 400% of the issued share capital of the Company as at the Latest Practicable Date; (ii) 80% of the issued share capital of the Company as enlarged by the allotment and issue of the Offer Shares; and (iii) approximately 66.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Offer Shares and the Warrant Shares.

Assuming that the Convertible Bonds are converted in full on or before the Record Date and there is no other change to the issued share capital of the Company from the Latest Practicable Date up to the Record Date, 685,572,096 Offer Shares proposed to be allotted pursuant to the Open Offer represent: (i) approximately 452.8% of the issued share capital of the Company as at the Latest Practicable Date; (ii) 80% of the issued share capital of the Company as enlarged by the allotment and issue of the Offer Shares; and (iii) approximately 66.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Offer Shares and the Warrant Shares.

As the Open Offer will increase the issued share capital of the Company by more than 50%, in accordance with Rule 7.24(5) of the Listing Rules, the Open Offer must be made conditional on approval by Shareholders in general meeting by a resolution on which any controlling Shareholders and their associates or, where there are no controlling Shareholders, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the Open Offer. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, there is no controlling Shareholders as at the Latest Practicable Date. In such circumstances, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the relevant resolution relating to the Open Offer at the EGM. As at the Latest Practicable Date, none of the Directors (excluding independent non-executive Directors), the chief executive of the Company and their respective associates holds any Shares.

The Independent Board Committee, comprising Mr. Lam Kwan, Mr. Ong Chi King, and Mr. Lee Ming Gin, all being the independent non-executive Directors, has been formed to advise the Independent Shareholders on the terms of the Underwriting Agreement and the Open Offer with the Bonus Issue. We have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Underwriting Agreement and the Open Offer with the Bonus Issue. In our capacity as the independent financial adviser to the Independent Board Committee and the Independent Shareholders for the purposes of the Listing Rules, our role is to give you an independent opinion as to whether the terms of the Underwriting Agreement and the Open Offer with the Bonus Issue are on normal commercial terms, fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole and whether the Independent Shareholders should vote in favour of or against of the ordinary resolution to be proposed at the EGM to approve the Underwriting Agreement and the Open Offer with the Bonus Issue.

LETTER FROM VINCO CAPITAL

B. BASIS OF OUR OPINION AND RECOMMENDATION

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

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

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

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

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

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Underwriting Agreement and the Open Offer with the Bonus Issue and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

LETTER FROM VINCO CAPITAL

C. PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the Underwriting Agreement and the Open Offer with the Bonus Issue, we have considered the principal factors and reasons set out below:

1. Background information of the Company

The Company and its subsidiaries are principally engaged in investment in listed and unlisted companies mainly in Hong Kong and the PRC.

Set out below is a summary of the audited consolidated financial results of the Group for the three years ended 30 June 2013, as extracted from the Company's annual reports 2011, 2012 and 2013 (correspondingly the "2011 Annual Report", "2012 Annual Report and "2013 Annual Report"):

	For the year ended 30 June		
	2011	2012	2013
	(audited)	(audited)	(audited)
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Revenue	(984,164)	(148,462,292)	21,124,405
Profit/(Loss) for the period/year attributable to equity holders of the Company	<u>23,371,420</u>	<u>(100,793,697)</u>	<u>(7,821,511)</u>
	As at 30 June		
	2011	2012	2013
	(audited)	(audited)	(audited)
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Total assets	479,416,089	413,614,691	420,931,922
Total liabilities	65,327,650	43,894,471	48,755,393
Net assets	<u>414,088,439</u>	<u>369,720,220</u>	<u>372,176,529</u>

While as stated in the 2011 Annual Report, 2012 Annual Report and above table, the Group recorded negative revenue of approximately HK\$148.46 million for the year ended 30 June 2012, representing a significant decrease as compared to the corresponding amount of 2011. Turnover of the Group represents the amounts received and receivable on investments and net loss on financial assets at fair value through profit or loss ("FVTPL") during the year. The reason for the such decrease in revenue was due to the significant increase in net loss on financial assets at FVTPL from approximately HK\$2.31 million for the year ended 30 June 2011 to approximately HK\$153.09 million for the year ended 2012. Such increase in loss has outweighed the increase in the amounts received and receivable on investments and hence led to negative revenue. The Group also recorded a loss attributable to the equity holders of the Company of approximately HK\$100.79 million for the year ended 30 June 2012, while the Group recorded a profit attributable to the equity holders of the Company of approximately HK\$23.37 million for the year ended 30 June 2011. Such turnaround from profit to loss was mainly due to the significant decrease in revenue as explained above.

LETTER FROM VINCO CAPITAL

Also, as noted from 2013 Annual Report and above table, the Group's revenue for the year ended 30 June 2013 was amounted to approximately HK\$21.12 million, which turnaround from negative revenue recorded of approximately HK\$148.46 million for the year ended 30 June 2012. Such turnaround from negative revenue to positive revenue was mainly due to the net profit was recorded on financial assets at FVTPL. During the year ended 30 June 2013, approximately HK\$16.72 million net profit on financial assets at FVTPL was recorded. The Group recorded a loss attributable to the equity holders of the Company of approximately HK\$7.82 million for the year ended 30 June 2013, as compared with a loss of approximately HK\$100.79 million in 2012, such large decrease in loss was due to (i) positive revenue was recorded as explained above and (ii) the decrease in administrative expenses and finance costs.

The Company has announced positive profit alert on 15 January 2014, the Group is expected to record a significant increase in unaudited profit attributable to equity holders of the Company for the six-month period ended 31 December 2013 as compared to approximately HK\$2.97 million of the corresponding period in 2012. The improvement is primarily due to the gain on fair value change on financial assets at FVTPL.

The table set out below summarises the information relating to the Company's fund raising activities, from which we noted that the Company conducted two fund raising activities for approximately HK\$50.2 million, in the past twelve months before the date of the Announcement and up to the Latest Practicable Date:

Date of announcement	Fund raising activity	Net proceeds raised (approximately)	Proposed use of the net proceeds	Actual use of the net proceeds
03/01/2013	Rights issue	HK\$30.9 million	(1) General working capital of the Group and (2) for future investments pursuant to the investment objectives of the Company.	Used as intended
11/03/2013	Placing of the convertible bonds under general mandate	HK\$19.3 million	(1) General working capital of the Group and (2) for future investments pursuant to the investment objectives of the Company.	Used as intended

Save for the foregoing, the Company has not conducted any other fund raising activities in the past twelve-month period up to and including the Latest Practicable Date.

LETTER FROM VINCO CAPITAL

2. Reasons for the Open Offer and proposed use of proceeds

As set out in the Letter from the Board, further to the Company's positive profit alert announcement dated 15 January 2014, the Company expressed that it had recorded a significant increase in profit attributable to the Shareholders for the six months ended 31 December 2013. Such an increase was mainly due to the Group's successful investment in listed securities in Hong Kong. However, the significant increase in profits was produced at the expense of its capital structure since the Group had borrowed approximately HK\$42 million margin financing as at 31 January 2014 (that incurs interest expenses) in supporting its investment in listed securities. Besides, the Group has an unsecured loan in the principal amount of HK\$14 million which will be due in April 2014, and the Convertible Bonds in the aggregate principal amount of HK\$20 million, included in which approximately HK\$3.66 million was classified as equity portion and recorded as a reserve account, with accrued interest of approximately HK\$4.98 million to be due in March 2014 (subject to an extension to be agreed between the Company and the bondholders).

The Group's cash and bank balances and cash balance held in securities accounts as at 31 January 2014 amounted in aggregate to HK\$47 million, which is insufficient to repay the above loans. As such, the Company would like to raise additional capital for the purpose of repayment of margin financing, the unsecured loan and the Convertible Bonds (if it is not converted before the completion of the Open Offer), and equip itself with a healthier and stronger capital base to further invest in the securities market.

As further stated in the Letter from the Board, the gross proceeds of the Open Offer will be not less than approximately HK\$151 million and not more than approximately HK\$171 million. The estimated net proceeds of the Open Offer will be not less than approximately HK\$146 million and the Company intends to apply such net proceeds in the following manner: (i) approximately HK\$70 million for the purpose of repayment of the margin financing, the unsecured loan and the Convertible Bonds (if it is not converted before the completion of the Open Offer); (ii) approximately HK\$56 million for further investment in listed securities; and (iii) approximately HK\$20 million for general working capital of the Group for the next two years. Any additional amount raised from the Open Offer shall be used in further investment in listed securities. As at the Latest Practicable Date, the Company does not have any specific investment targets.

We noted that nearly half of the estimated net proceeds i.e. approximately 47.9% are intended for repayment of margin financing, the unsecured loan and the Convertible Bonds (if it is not converted before the completion of the Open Offer). We are of the view that the repayment of margin financing, the unsecured loan and the Convertible Bonds can improve the Group's gearing ratio and hence reduce the interest expenses payable to creditors. Such improvement in the Group's gearing ratio may help to strengthen the Group's financial position.

We also noted that approximately 38.4% of the estimated net proceeds are intended to make further investment in listed securities. As stated in the Letter from the Board, such portion of the proceeds will be invested in industries including but not limited to the natural resources, health and pharmaceutical, forestry, retail, communication technology, software and information technology consultancy, media, industrial, environmental protection, education, food production and distribution, and online and mobile game businesses. After our discussion with the Directors and making reference to the investment policies adopted by the Company as stated in the Appendix V of the Circular, we noted that investment will be made in listed and unlisted companies engaged in different industries including (but not limited to) information technology, manufacturing, pharmaceutical, service, property, telecommunications, life and environmental and infrastructure sectors. As such, we are of the view that the proposed investments are mostly in line

LETTER FROM VINCO CAPITAL

with the Company's investment policies and strategies. In addition, as announced by the Company dated 15 January 2014, the Company expressed that it had recorded a significant increase in profit attributable to the Shareholders for the six months period ended 31 December 2013. Such an increase was mainly due to the Group's successful investment in listed securities in Hong Kong brought by the gain on fair value change on financial assets at FVTPL. Further, we also noted that the financial condition of the Group is improving since 30 June 2012. As advised by the Directors, such improving financial results were mainly due to the positive performance of financial assets investment of the Group. As such, we are of the view that applying part of the estimated net proceeds for making further investments which are mostly in line with the Company's investment strategies to generate returns is in the ordinary course of business of the Company and in the interests of the Company and the Shareholders as a whole. The remaining part of the estimated net proceeds is intended for general working capital of the Group.

After discussing with the Directors, we are given to understand that apart from the Open Offer, the Directors had also considered other means of fund raising, including alternative means of equity financing (such as rights issue or placement of Shares) and debt financing (such as bank borrowings). However, the Open Offer, which is on a fully underwritten basis, will remove a certain degree of uncertainty as compared to best-efforts placing. Although rights issue is similar to open offer and the rights issue enables the qualifying shareholders to trade in the nil-paid rights in the market for economic benefits. However, the arrangement for trading of the nil-paid rights arise from the rights issue, which would involve additional administration costs to the Group for trading of nil-paid rights and would require certain arrangements to be put in place to facilitate and administrate such trading, which in turn would require longer time to complete. In order to raise such large amount of proceeds from the Open Offer, the Directors are of the view that conducting the placement of Shares will not be fair to existing Shareholders as the potential Shareholders from the placement of Shares will result in an immediate dilution of existing shareholding interests in the Company. The Directors also consider that raising funds by way of the Open Offer is more cost-effective and efficient as compared to rights issue. In addition to the equity financing, the Directors are also of the opinion that bank borrowing or debt financing will usually incur interest burden on the Group and may not be achievable on favourable terms on a timely basis, due to possibility of being subject to, including but not limited to, lengthy due diligence and negotiations with banks. Given the fluctuating financial performance of the Group, the Directors are of the view that it may be difficult to obtain bank borrowings with terms which the Directors consider acceptable to the Group, and incurring additional debts will increase the Group's liabilities. As such, we concur with the view of the Directors that the Open Offer is a suitable source of financing over the aforementioned alternatives.

Having considered the Open Offer will (i) improve the Group's financial position by reducing the Group's liabilities; (ii) strengthen the Group's capital base and enhance its financial position for future possible investments; (iii) allow the Qualifying Shareholders to maintain their respective pro rata shareholding interest and an equal opportunity to participate in the enlargement of the capital base of the Company; and (iv) the Open Offer is a preferred source of financing over other alternative fund-raising methods, we are of the view that raising funds by means of an open offer is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

LETTER FROM VINCO CAPITAL

3. Pricing for the Open Offer and the initial Exercise Price

Both the Subscription Price and the initial Exercise Price are HK\$0.25, payable in full when a Qualifying Shareholder accepts his/her/its provisional allotment under the Open Offer or exercises the subscription rights attaching to the Bonus Warrants (as the case may be).

The Subscription Price and the initial Exercise Price represents:

- (i) a discount of approximately 59.02% to the closing price of HK\$0.61 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 62.01% to the average closing price of approximately HK\$0.658 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 62.91% to the average closing price of approximately HK\$0.674 per Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 22.36% to the theoretical ex-entitlements price of approximately HK\$0.322 per Share based on the closing price of HK\$0.61 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (v) a discount of approximately 58.33% to the closing price of HK\$0.60 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (vi) a discount of approximately 94.25% to the latest published unaudited consolidated net asset value per Share of approximately HK\$4.3481 as at 31 January 2014.

As stated in the Letter from the Board, the Subscription Price and the initial Exercise Price were arrived at after arm's length negotiation between the Company and the Underwriter with reference to, among other things, the prevailing market price and trading liquidity of the Shares prior to the Last Trading Day and the financial positions of the Group.

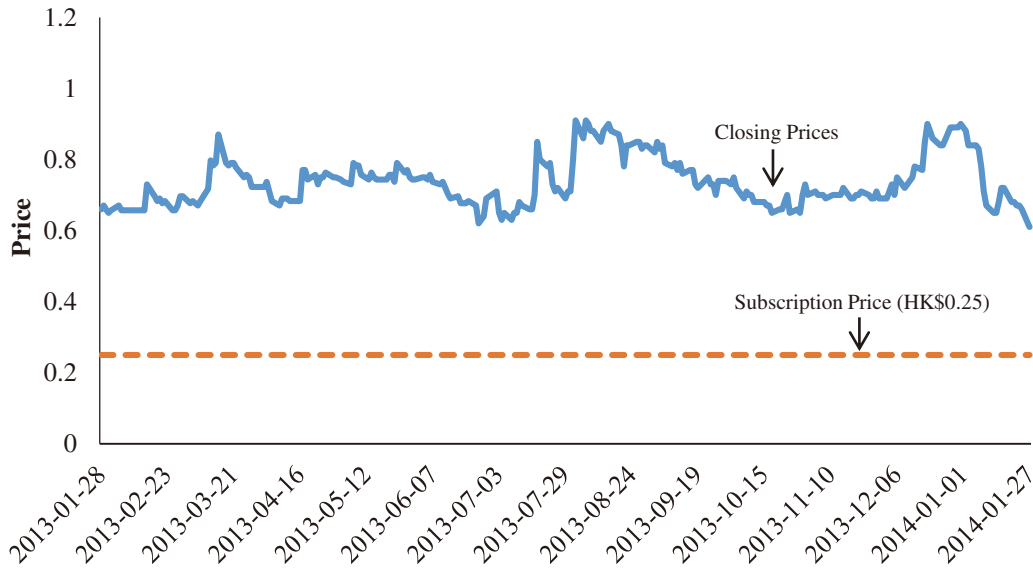
In order to assess the fairness and reasonableness of the Subscription Price, we compared the Subscription Price with reference to (i) the recent price performance of the Shares and trading liquidity of the Company; and (ii) the market comparables analysis, as follows:

Share prices and trading liquidity of the Company

We have reviewed the closing prices and the trading liquidity of the Shares during the twelve-month period from 28 January 2013, up to and including 27 January 2014, being the Last Trading Day and the date of the Underwriting Agreement, (the "Review Period"). During the Review Period, the Company had completed capital reorganisation with share consolidation. Adjustment to the Share price and trading volumes has been made assuming the share consolidation has been effective since the beginning of the Review Period.

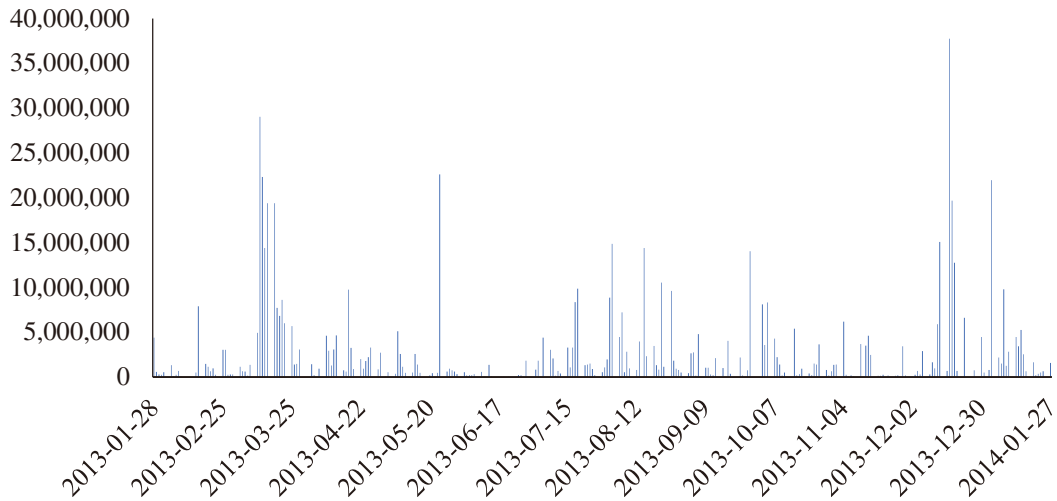
LETTER FROM VINCO CAPITAL

Daily closing price of the Shares during the Review Period



Source: The Stock Exchange

Trading Volume during the Review Period



Source: The Stock Exchange

LETTER FROM VINCO CAPITAL

	Total trading volume of the Shares in the month	Number of trading days in the month	Average daily trading volume of the Shares in the month <i>(Shares)</i>	Approximate % of average daily trading volume to the number of issued Shares as at the Latest Practicable Date <i>(Note 3)</i> <i>(%)</i>
2013				
January <i>(Note 1)</i>	5,423,000	4	1,355,750	0.90
February	22,154,082	17	1,303,181	0.86
March	154,172,200	20	7,708,610	5.09
April	47,822,564	20	2,391,128	1.58
May	41,803,700	21	1,990,652	1.31
June	5,537,190	19	291,431	0.19
July	47,847,950	22	2,174,907	1.44
August	91,801,792	21	4,371,514	2.89
September	37,654,900	20	1,882,745	1.24
October	45,104,900	21	2,147,852	1.42
November	26,874,900	21	1,279,757	0.85
December	111,534,200	20	5,576,710	3.68
2014				
January <i>(Note 2)</i>	61,178,029	18	3,398,779	2.25
The Review Period	698,909,407	244	2,864,383	1.89

Source: The Stock Exchange

Notes:

1. The Review Period commenced on 28 January 2013.
2. The Review Period ended on 27 January 2014.
3. Based on the total number of issued Shares of 151,393,024 Shares as at the Latest Practicable Date.

As shown in the tables above, the daily closing price of the Shares during the Review Period ranged from a low of HK\$0.61 per Share on 27 January 2014 to the high of HK\$0.91 per Share on 2 August 2013 and 6 August 2013. The average closing price of Shares within the Review Period was approximately HK\$0.74 per Share. The Subscription Price represents a discount of approximately 66.22% to the average closing price of Shares within the Review Period. The Subscription Price represents a discount to the closing prices of the Shares and to the average closing price of Shares throughout the Review Period.

LETTER FROM VINCO CAPITAL

Regarding the liquidity of the Shares, the highest average daily turnover was approximately 7.71 million Shares in March 2013, representing approximately 5.09% of the total number of issued Shares as at Latest Practicable Date. Such high average daily turnover in March might be due to the announcement by the Company for placing convertible bonds under general mandate. During the Review Period, the average daily trading volume was approximately 2.86 million Shares, representing approximately 1.89% of the total number of issued Shares of the Company as at Latest Practicable Date. Given that the high average daily turnover recorded in March 2013 may be due to the announcement by the Company for placing convertible bonds under general mandate, we therefore consider the liquidity of the Shares during the Review Period was thin.

Comparison with other open offers

To further assess the fairness and reasonableness of the Open Offer, we have, to the best of our effort, knowledge and endeavour, selected and identified a list of 19 open offers conducted by companies (the “Comparables”) listed on the Stock Exchange for the six months period from 28 July up to and including the Last Trading Day (the “Comparable Period”), which is considered to be exhaustive, for comparison purpose. We are of the view that the Comparable Period would provide us with the recent relevant information on the market sentiment, which plays an important role in the determination of the subscription price of an open offer in general. We also noted that the business activities of the Comparables are not directly comparable to those carried out by the Group and the terms of the open offer of the Comparables may vary from companies with different financial standings, business performance and future prospects. Since the Comparables are the most recent open offer transactions announced to the public, we consider that the Comparables could represent the recent trend of the open offer transactions in the prevailing market condition and could provide a general reference for the terms of the Open Offer. Our relevant findings are summarised in the table below:

Date of announcement	Company name	Stock code	Basis of entitlement	Underwriting commission (%)	Discount/ (premium) of the subscription price to the closing price of last trading day prior to the date of announcement (%)	Discount/ (premium) of the subscription price to the theoretical ex-entitlement price (%)	Excess application (Y/N)
24-Jan-14	Costal Greenland Limited	1124	1 for 2	1.50	(19.40)	(13.80)	Y
21-Jan-14	Solartech International Holdings Limited	1166	5 for 1	2.50	(66.67)	(25.00)	N
17-Jan-14	Grand Field Group Holdings Limited	115	1 for 2	3.50	(66.10)	(56.25)	N
3-Jan-14	Larry Jewelry International Company Limited	8351	7 for 10	2.50	(13.04)	(8.12)	N
22-Dec-13	China Leason CBM & Shale Gas Group Company Limited	8270	1 for 2	3.50	(63.96)	(54.18)	N

LETTER FROM VINCO CAPITAL

Date of announcement	Company name	Stock code	Basis of entitlement	Underwriting commission (%)	Discount/ (premium) of the subscription price to the closing price of last trading day prior to the date of announcement (%)	Discount/ (premium) of the subscription price to the theoretical ex-entitlement price (%)	Excess application (Y/N)
28-Nov-13	China Information Technology Development Limited	8178	2 for 1	1.25	(36.05)	(16.03)	N
28-Nov-13	China Zhongwang Holdings Limited	1333	3 for 10	0.03	0.00	0.00	Y
22-Nov-13	Unlimited Creativity Holdings Limited	8079	4 for 1	1.50 & 2.50 <i>(Note 1)</i>	(65.52)	(27.54)	N
19-Nov-13	Golden Meditech Holdings Limited	801	1 for 2	1.50	(49.00)	(49.00)	Y
18-Nov-13	China Star entertainment Limited	326	2 for 5	1.00	(3.85)	(3.10)	N
14-Nov-13	Preception Digital Holdings Limited	1822	6 for 5	2.50	(73.70)	(55.99)	N
13-Nov-13	Oriental Explorer Holdings Limited	430	1 for 2	2.00	(35.50)	(26.80)	Y
11-Nov-13	Global Energy Resources International Group Limited	8192	1 for 2	2.50	(49.28)	(39.29)	N
28-Oct-13	Sun International Resources Limited	8029	1 for 2	0.00	(68.75)	(59.51)	N
17-Sep-13	FAVA International Holdings Limited	8108	4 for 1	3.50	(66.10)	(28.06)	Y
16-Sep-13	Carnival Group International Holdings Limited	996	1 for 2	1.50	(33.33)	(25.01)	N
28-Aug-13	Mitsumaru East Kit (Holdings) Limited	2358	6 for 1	2.50	(89.36)	(54.55)	N
23-Aug-13	TLT Lottotainment Group Limited	8022	2 for 3	2.50	(12.28)	(47.49)	N
15-Aug-13	China Environmental Resources Group Limited	1130	33 for 10	2.50	(50.00)	(18.92)	N
			Maximum	3.50	0.00	0.00	
			Minimum	0.00	(89.36)	(59.51)	
			Average	2.04	(45.36)	(32.03)	
	The Company	2324	4 for 1	2.50	(59.02)	(22.36)	N

Source: The Stock Exchange

LETTER FROM VINCO CAPITAL

Note:

1. There were two underwriters for the open offer conducted by this Comparable. The underwriting commissions to the two underwriters are 1.5% and 2.5%. The average of 2.0% of these two underwriting commissions has been used for the analysis of the maximum, minimum and mean of the underwriting commission of the Comparables.

Based on the above table, we noted that (i) the subscription prices to the closing price on the last trading day prior to the announcement dates of the Comparables ranged from 0.00% to a discount of 89.36%, with the mean at discount of approximately 45.36%. The discount of the Subscription Price of the Open Offer to the closing price of the Shares on the Last Trading Day is approximately 59.02%, which represents within the range and higher discount than the mean of the Comparables; and (ii) the subscription prices to the theoretical ex-entitlements prices per share based on the last trading day prior to the announcement dates in relation to the Comparables ranged from 0.00% to a discount of 59.51%, with the mean at discount of approximately 32.03%. The discount of the Subscription Price of the Open Offer to the theoretical ex-entitlement price per Share of 22.36%, based on the closing price of the Shares on the Last Trading Day, are within the range of the Comparables but lower than average of the Comparables.

Having considered (i) the section headed “Reasons for the Open Offer and proposed use of proceeds” above; (ii) the discount represented by the Subscription Price to the closing price of the Shares on the Last Trading Day falls within the relevant range of the Comparables; (iii) the discount represented by the Subscription Price to the theoretical ex-entitlement price of the Shares falls within the relevant range of the Comparables; (iv) the low liquidity in the trading of the Shares during the Review Period; (v) the common practice by the Comparables to set their subscription prices of their open offer at a discount rate to the prevailing market prices of the relevant shares before the relevant announcements; (vi) all Qualifying Shareholders are offered an equal opportunity to subscribe for the Offer Shares at the Subscription Price which represents discount to market price; (vii) it is common for the listed issuers in Hong Kong to offer large discount of the subscription prices with the higher offer ratio to the shareholders in order to increase the attractiveness of an open offer exercise; and (viii) the possibility of participating in the future benefits which may be brought by the Group for investing in the listed and unlisted securities, we are of the view that the Subscription Price is in line with market practice and is fair and reasonable, and thus is in the interests of the Company and the Shareholders as a whole.

4. No application for excess Offer Shares

As stated in the Letter from the Board, no Qualifying Shareholder is entitled to apply for any Offer Shares which are in excess to his/her/its entitlement. Any Offer Shares not taken up by the Qualifying Shareholders, and the Offer Shares to which the Excluded Shareholders would otherwise have been entitled under the Open Offer, will not be available for subscription by other Qualifying Shareholders by way of excess application and will be taken up by the Underwriter.

The Directors hold the view that the Open Offer allows the Qualifying Shareholders to maintain their respective pro rata shareholding in the Company and to participate in the future growth and development of the Group. After arm’s length negotiations with the Underwriter, and taking into account that the related administration costs would be lowered in the absence of excess applications, the Directors consider that it is fair and reasonable and in the interests of the Company and the Shareholders as a whole not to offer any excess application to the Shareholders.

LETTER FROM VINCO CAPITAL

After reviewing the circulars of the Comparables, we noted that the above practice (i) is in line with the market practice; (ii) able to lower the related administration costs in the absence of excess applications; and (iii) allows the Qualifying Shareholders to maintain their respective pro rate shareholding, we are of the view that such arrangement is fair and reasonable to the Company and the Shareholders as a whole.

5. Bonus Issue

Subject to fulfilment of the conditions of the Open Offer, the Bonus Warrants will be issued to the first registered holders of the Offer Shares on the basis of one Bonus Warrant for every four Offer Shares taken up under the Open Offer. A summary of the terms of the Bonus Warrants is set out in Appendix III to the Circular.

On the basis of not less than 605,572,096 Offer Shares and not more than 685,572,096 Offer Shares, there will be not less than 151,393,024 Bonus Warrants and not more than 171,393,024 Bonus Warrants to be issued.

The subscription rights attaching to the Bonus Warrants may be exercised at any time between the issue date of the Bonus Warrants and the second anniversary of the issue date of the Bonus Warrants.

The Warrant Shares to be issued upon full exercise of the subscription rights attaching to the Bonus Warrants represent: (i) 100% of the issued share capital of the Company as at the Record Date; (ii) 20% of issued share capital of the Company as enlarged by the issue and allotment of the Offer Shares; and (iii) approximately 16.67% issued share capital of the Company as enlarged by the allotment and issue of the Offer Shares and the Warrant Shares.

Although there will be potential dilution of shareholding interest as a result of the exercise of the Bonus Warrants, holders of the Bonus Warrants can choose to subscribe for the Company's new Shares at a significant discount to the prevailing market price to participate the future growth of the Company, we are of the view that the potential dilution effect on the shareholding interests of the Shareholders, which may only happen when the holders of the Bonus Warrants choose not to exercise their options, to be acceptable. Given that (i) the initial Exercise Price is the same as the Subscription Price which is fair and reasonable as stated in the analysis above in paragraph headed "Comparison with other open offers"; (ii) the Bonus Warrant provides an option for the Qualifying Shareholders to acquire one extra Share for every four Offer Shares taken up under the Open Offer; (iii) the Bonus Issue serve as an incentive for the Qualifying Shareholders to subscribe for the Offer Shares at a deep discount to the prevailing market price in order to participate in the potential growth of the Group; and (iv) the Bonus Warrants, when exercised, may raise an additional capital of not less than approximately HK\$38 million and not more than approximately HK\$43 million to strengthen the capital base of the Company without increasing the Group's debt burden, we consider the Bonus Issue, as part of the Open Offer, is in the interests of the Company and the Shareholders as a whole, and is fair and reasonable so far as the Shareholders are concerned.

LETTER FROM VINCO CAPITAL

6. Underwriting Agreement

Based on the Underwriting Agreement, the Company will pay the Underwriter 2.5% of the aggregate Subscription Price of the maximum number of the Underwritten Shares. With reference to the above paragraph headed “Comparison with other open offers”, the underwriting commission of the Comparables ranged from nil to 3.5% with a mean of 2.04%. On this basis, we noted the underwriting commission is higher than the mean but falls within the range of the underwriting commission of the Comparables. As such, we are of the view that the commission charged by the Underwriter is under normal commercial terms and is fair and reasonable so far as the Company and the Shareholders are concerned.

7. Termination of the Underwriting Agreement

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

8. Dilution effects of the Open Offer and Bonus Issue on shareholding interests

Assuming that there is no change in the shareholding structure of the Company from the Latest Practicable Date up to the Record Date, the shareholding structure of the Company is set out as follows (for illustration purposes only):

	As at the Latest Practicable Date and up to the Record Date		Immediately upon completion of the Open Offer (assuming all Shareholders have taken up the Offer Shares and without taking into account any Warrant Shares that may be issued)		Immediately upon completion of the Open Offer (assuming no Shareholder has taken up the Offer Shares and without taking into account any Warrant Shares that may be issued)		Immediately upon completion of the Open Offer (assuming all Shareholders have taken up the Offer Shares) and the subscription rights of all the Bonus Warrants have been exercised in full		Immediately upon completion of the Open Offer (assuming no Shareholder has taken up the Offer Shares) and the subscription rights of all the Bonus Warrants have been exercised in full	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Underwriter, sub-underwriter(s) and subscribers procured by any of them	-	-	-	-	605,572,096	80	-	-	756,965,120	83.33
Other Shareholders	151,393,024	100	756,965,120	100	151,393,024	20	908,358,144	100	151,393,024	16.67
Total	151,393,024	100	756,965,120	100	756,965,120	100	908,358,144	100	908,358,144	100

LETTER FROM VINCO CAPITAL

Assuming the Convertible Bonds have been converted in full on or before the Record Date and there is no other change in the shareholding structure of the Company from the Latest Practicable Date up to the Record Date, the shareholding structure of the Company is as follows (for illustration purposes only):

	As at the Latest Practicable Date and up to the Record Date		Immediately upon completion of the Open Offer (assuming all Shareholders have taken up the Offer Shares and without taking into account any Warrant Shares that may be issued)		Immediately upon completion of the Open Offer (assuming no Shareholder has taken up the Offer Shares and without taking into account any Warrant Shares that may be issued)		Immediately upon completion of the Open Offer (assuming all Shareholders have taken up the Offer Shares) and the subscription rights of all the Bonus Warrants have been exercised in full		Immediately upon completion of the Open Offer (assuming no Shareholder has taken up the Offer Shares) and the subscription rights of all the Bonus Warrants have been exercised in full	
	<i>Number of Shares</i>		<i>Number of Shares</i>		<i>Number of Shares</i>		<i>Number of Shares</i>		<i>Number of Shares</i>	
	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>
Underwriter, sub-underwriter(s) and subscribers procured by any of them	-	-	-	-	685,572,096	80	-	-	856,965,120	83.33
Other Shareholders	171,393,024	100	856,965,120	100	171,393,024	20	1,028,358,144	100	171,393,024	16.67
	<u>171,393,024</u>	<u>100</u>	<u>856,965,120</u>	<u>100</u>	<u>856,965,120</u>	<u>100</u>	<u>1,028,358,144</u>	<u>100</u>	<u>1,028,358,144</u>	<u>100</u>

As noted from the Letter from the Board, pursuant to the Underwriting Agreement, the Underwriter has undertaken to the Company that (i) the Underwriter will not trigger a mandatory offer obligation under Rule 26 of Takeovers Code on the part of the Underwriter in respect of performing its obligations under the Underwriting Agreement; and (ii) none of the subscribers procured by the Underwriter will be a substantial Shareholder holding 10% or more shareholding in the Company.

The Underwriter may enter into sub-underwriting arrangement with sub-underwriter(s) or appoint any person to be sub-agent(s) on its behalf for the purpose of arranging for the placing of the Underwritten Shares with selected placees with such authority and rights as the Underwriter has pursuant to its appointment under the Underwriting Agreement.

The Independent Shareholders who are Qualifying Shareholders should note that, if they decide to subscribe for their full provisional allotment entitlements of the Offer Shares and exercise their Bonus Warrants, there would not be any dilution effect on their shareholding interests in the Company. However, we would like to draw the Qualifying Shareholders' attention to the fact that, for those Qualifying Shareholders who do not wish to take up all or part of their provisional allotment entitlements to the Offer Shares or not to fully exercise their Bonus Warrants, their corresponding interest in the Company will be diluted. In view that the Company sets the Subscription Price at a substantial discount and the Bonus Warrants to be issued, the Qualifying Shareholders are more likely to be attracted to participate in the Open Offer so as their shareholding are not to be diluted. Nevertheless, if all the Qualifying Shareholders (other than the Underwriters) still decide not to take up the provisional allotments of the Open Offer and the Underwriter has taken up all the provisional allotments (including the Bonus Warrants) in its capacity

LETTER FROM VINCO CAPITAL

as the Underwriter, the percentage of shareholding of the existing Shareholders will be reduced from 100% to 20% before exercise of the Bonus Warrants or to approximately 16.67% after exercise of the Bonus Warrants.

Having considered that (i) the intended use of proceeds from the Open Offer will enable the Group to strengthen its capital base and to invest in listed securities, which is part of the Group's principal activities; (ii) the funds raised from the Open Offer will lower the debt burdens of the Group; (iii) lower Subscription Price which represents discounts to the Last Trading Day and to the theoretical entitlement price may likely to attract the Qualifying Shareholders to participate in the Open Offer; (iv) the inherent dilutive nature of open offer is a general market practice; and (v) the Open Offer are on the basis that all Qualifying Shareholders have been offered the same opportunity to maintain their proportional interests in the Company, we are of the view that the potential dilution effect on the shareholding is fair and reasonable to the Shareholders and is not prejudicial to the Shareholders' interests in the Company if they choose to subscribe for their full entitlement of the Offer Shares under the Open Offer and fully exercise their Bonus Warrants.

9. Excluded Shareholders

We have reviewed the arrangements of the Excluded Shareholders regarding the Open Offer. The Directors will comply with Rule 13.36(2)(a) of the Listing Rules and make enquiries regarding the feasibility of extending the Open Offer with the Bonus Issue to the Excluded Shareholders. If, after making such enquiry, the Board is of the opinion that it would be necessary or expedient, on account either of the legal restrictions under the laws of the relevant place or any requirement of the relevant regulatory body or stock exchange in that place, not to offer the Offer Shares and the Bonus Warrants to such Excluded Shareholders, the Open Offer with the Bonus Issue will not be extended to such Excluded Shareholders. The Company will send the Prospectus to the Excluded Shareholders for their information only, but will not send the Application Forms to the Excluded Shareholders.

10. Financial effects of the Open Offer with the Bonus Issue

(a) Net assets value

With reference to the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as set out in the Appendix II to the Circular, the audited consolidated net tangible assets of the Group attributed to the equity shareholders of the Company was HK\$372,176,529 as at 30 June 2013. After taking into account the rights issue pursuant to the prospectus dated 4 July 2013 and the net proceeds from the Open Offer with Bonus Issue, the unaudited pro forma adjusted consolidated net tangible assets of the Group attributed to the equity shareholders of the Company will be raised to HK\$587,319,631 without taking into account that any additional Shares or Offer Shares to be issued as a result of the conversion of any Convertible Bonds.

Upon completion of the rights issue, Open Offer and exercise of Bonus Warrants, the total number of Shares shall be increased to 908,358,144 Shares, the unaudited pro forma adjusted consolidated net tangible assets per Share will be decreased from approximately HK\$3.688 per Share (based on the number of Shares of 100,928,683 Shares as at 30 June 2013) to approximately HK\$0.647.

LETTER FROM VINCO CAPITAL

(b) Working capital

With reference to the 2013 Annual Report, the audited net current assets of the Group was HK\$164,260,475 as at 30 June 2013. Immediately after completion of the Open Offer and exercise of Bonus Warrants, the net current assets of the Group would increase by not less than HK\$146 million. In this regard, we are of the view that the Open Offer with the Bonus Issue will improve the liquidity position of the Group.

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

D. CONCLUSION

Having taken into consideration of the following principal factors and reasons regarding the major terms of the Underwriting Agreement and the Open Offer with the Bonus Issue including:

- (a) the net proceeds from the Open Offer with the Bonus Issue will replenish the capital base, reduce the indebtedness of the Group and to enhance the financial position of the Company for future strategic investments as and when arise;
- (b) the Open Offer with the Bonus Issue would be a preferred method of equity financing as it will allow all the Qualifying Shareholders to maintain their proportionate interests in the Company and to participate in the future growth and development of the Company;
- (c) the Subscription Price and the initial Exercise Price fall within the range of the Comparables;
- (d) the major terms of the Underwriting Agreement is in line with the market practice;
- (e) the dilution effect is not prejudicial to the Shareholders' interests in the Company if they choose to subscribe for their full entitlement of the Offer Shares under the Open Offer and exercise their respective Bonus Warrants; and
- (f) the Open Offer with the Bonus Issue will enhance the net tangible assets value of the Group and improve the liquidity position of the Group,

LETTER FROM VINCO CAPITAL

we are of the view that the terms of the Underwriting Agreement and the Open Offer with the Bonus Issue are on normal commercial terms and are fair and reasonable so far as the Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend (i) the Independent Shareholders and (ii) the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Underwriting Agreement and the Open Offer with the Bonus Issue.

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

1. SUMMARY OF FINANCIAL RESULTS

The audited consolidated financial statements of the Group for the years ended 30 June 2011, 30 June 2012 and 30 June 2013, including the notes thereto, have been published in the annual reports of the Company for the years ended 30 June 2011 (pages 24 to 103), 30 June 2012 (pages 28 to 107) and 30 June 2013 (pages 27 to 103) respectively. The said annual reports of the Company are available on the Company's website at www.capital-vc.com and the Stock Exchange's website at www.hkexnews.hk.

2. INDEBTEDNESS

As at 31 January 2014, the Company had outstanding indebtedness comprising unsecured interest-bearing borrowings of HK\$14,070,781 from an independent third party and convertible bonds with the carrying value of HK\$21,320,614. The Group has pledged its financial assets at fair value through profit or loss which are HK\$420,367,850 to secure margin financing facilities obtained from regulated securities dealers. As at 31 January 2014, HK\$41,878,288 margin financing facilities was utilized.

Save as disclosed above and apart from intra-group liabilities, the Company did not have any other outstanding bank or other borrowings, mortgages, charges, debentures or other loan capital, bank overdrafts, loans or other similar indebtedness, guarantee, liabilities under acceptances (other than normal trade bills), acceptance credits, hire purchase or other finance lease commitments or other contingent liabilities.

Saved as disclosed above, the Directors have confirmed that there has been no material change in the indebtedness and contingent liabilities of the Company since 31 January 2014 up to the Latest Practicable Date.

3. WORKING CAPITAL STATEMENT

The Directors are of the opinion that, taking into account the expected completion of the Open Offer and Bonus Issue on 16 April 2014 and the financial resources available to the Group, including the internally generated funds and the available banking facilities, the Directors are of the opinion that the Group has sufficient working capital for its present requirements, that is for at least the next 12 months commencing from the date of this circular.

4. WORKING CAPITAL MANAGEMENT POLICY

Cash is required to pay for all assets and services subscribed by the company and to meet future obligations as they come due. A sufficient level of cash should be kept available for daily operating expenses. However, only cash necessary to meet anticipate day-to-day expenditures plus a reasonable cushion for emergencies should be kept available. It is the Group's policy that any excess cash should be invested in liquid income-producing instruments.

5. MATERIAL CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 30 June 2013, being the date to which the latest published audited consolidated financial statements of the Group were made up.

6. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is expected to record an increase in unaudited profit attributable to equity holders of the Company for the six-month period ended 31 December 2013 as compared to the unaudited profit of approximately HK\$3.0 million for the corresponding period in 2012 and the audited loss attributable to equity holders of the Company of approximately HK\$7.8 million for the year ended 30 June 2013. The improvement is primarily due to the gain on fair value change on financial assets at fair value through profit and loss.

Looking forward, the Group expects the investment environment in the US and other advanced economies will extend the uptick from the year of 2013. Anticipated mild and slow removal of excess liquidity will not cause significant influence of global investment market. In the East, as the China economy is maturing and a more sustainable development is desired, slower future growth levels are to be expected. During the year of 2013, major economic indicators began to accelerate, allowing a carefully more optimistic outlook in the near future. Even the optimistic investment atmosphere is expected, the Directors will continue to adopt cautious measures to manage the Group's investment portfolio.

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

The unaudited pro forma financial information of the Group (the “**Unaudited Pro Forma Financial Information**”) attributable to equity shareholders of the Company is prepared by the Directors in accordance with Rule 4.29 of the Listing Rules to illustrate the effect of the proposed Open Offer on the basis of four Offer Shares for every one existing Share held on the Record Date at HK\$0.25 per Offer Share with the Bonus Issue on the basis of one Bonus Warrant for every four Offer shares on the consolidated net tangible assets of the Group as if the Open Offer and the Bonus Issue had been completed on 30 June 2013.

The Unaudited Pro Forma Financial Information of the Group is prepared for illustrative purposes only, based on the judgements and assumptions of the Directors, and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group following the Open Offer and the Bonus Issue as at the date to which it is made up or at any future date.

The Unaudited Pro Forma Financial Information of the Group is prepared based on the unaudited consolidated net tangible assets attributable to equity shareholders of the Company as at 30 June 2013 and adjusted to reflect the effect of the Open Offer and the Bonus Issue.

		<i>HK\$</i>	No. of Shares outstanding	Per Share <i>HK\$</i>
Audited consolidated net tangible assets of the Group attributable to the equity shareholders of the Company as at 30 June 2013	<i>Note 1</i>	372,176,529	100,928,683	3.6875
Adjusted for rights issue of one right share for every two existing shares (“ Rights Issue ”)	<i>Note 2</i>	30,901,822	50,464,341	0.6123
Unaudited adjusted consolidated net tangible assets of the Group attributable to the equity shareholders of the Company after Rights Issue	<i>Note 3</i>	403,078,351	151,393,024	2.6625
Estimated net proceeds from the Open Offer	<i>Note 4</i>	146,393,024	605,572,096	
Estimated net proceeds from the Bonus Issue	<i>Note 5</i>	37,848,256	151,393,024	
Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the equity shareholders of the Company after the completion of Open Offer and Bonus Issue	<i>Note 6</i>	<u>587,319,631</u>	<u>908,358,144</u>	<u>0.6466</u>

Notes:

- (1) The audited consolidated net tangible assets attributable to equity shareholders of the Company at 30 June 2013 is extracted from the published annual report of the Company for the year ended 30 June 2013.
- (2) Pursuant to the prospectus dated 4 July 2013, the Company issue rights shares on the basis of one right share for every two existing shares. Prior to the Rights Issue, the number of Shares in issue was 100,928,683. Number of Shares in issue immediately upon the Right Issue is 151,393,024. The estimated net proceeds from the issue of the rights shares of approximately HK\$30,901,822 are based on 50,464,341 rights shares to be issued at the subscription price of HK\$0.65 per rights share and after deduction of estimated related expenses of approximately HK\$1,900,000. The difference is adjusted to reflect the number of Shares before the Open Offer and the Bonus Issue.
- (3) The calculation of the unaudited adjusted consolidated net tangible assets attributable to equity shareholders of the Company after Rights Issue per Share is based on the unaudited adjusted consolidated net tangible assets attributable to equity shareholders of the Company of HK\$403,078,351 after the completion of Rights Issue and on the basis of 151,393,024 Shares in issue after the Rights Issue.
- (4) The estimated net proceeds from the issue of the Open Offer of HK\$146,393,024 are based on 605,572,096 Offer Shares to be issued at the Subscription Price of HK\$0.25 per Offer Share (on the basis of 151,393,024 Shares in issue as at the Latest Practicable Date) and after deduction of estimated related expenses of approximately HK\$5,000,000 and take no account of any additional Shares or Offer Shares to be issued as a result of the conversion of any Convertible Bonds.
- (5) The estimated net proceeds from the Bonus Issue of HK\$37,848,256 is calculated based on 151,393,024 Bonus Warrants (on the basis of 1 Bonus Warrant for every 4 Offer Shares taken up) to be issued at the initial exercise price of HK\$0.25 per Warrant Share.
- (6) The unaudited pro forma adjusted consolidated net tangible assets attributable to equity shareholders of the Company per Share after completion of the Open Offer and Bonus Issue is calculated based on the unaudited pro forma adjusted consolidated net tangible assets attributable to equity shareholders of the Company after the completion of the Open Offer and Bonus Issue of HK\$587,319,631 and on the basis of 908,358,144 Shares in issue, representing an aggregate of 151,393,024 Shares in issue after adjusted for the effect of the 605,572,096 Offer Shares (calculated on the basis of 151,393,024 Shares in issue as at the Latest Practicable Date) issued under the Open Offer and 151,393,024 Bonus Warrants (on the basis of 1 Bonus Warrant for every 4 Offer Shares taken up) assuming the Open Offer and Bonus Issue has been completed on 30 June 2013.
- (7) No adjustment other than those adjusted above has been made to reflect any trading results or other transactions of the Group subsequent to 30 June 2013 except for the Rights Issue noted in note 2 above.

B. INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION INCLUDED IN AN INVESTMENT PROSPECTUS

The following is the text of a report received from the independent reporting accountants, Cheng & Cheng Limited, Certified Public Accountants, Hong Kong, prepared for the sole purpose of incorporation in this Prospectus, in respect of the unaudited pro forma financial information of the Company.

TO THE DIRECTORS OF CAPITAL VC LIMITED

We have completed our assurance engagement to report on the compilation of pro forma financial information of Capital VC Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) by the directors for illustrative purposes only. The pro forma financial information consists of the pro forma net assets statement as at 30 June 2013 and related notes as set out in section A of Appendix II of the investment circular issued by the Company. The applicable criteria on the basis of which the directors have compiled the pro forma financial information are described in section A of Appendix II of the investment circular.

The pro forma financial information has been compiled by the directors to illustrate the impact of the Open Offer and the Bonus Issue on the Group's financial position as at 30 June 2013 as if the transaction had taken place at 30 June 2013. As part of this process, information about the Group's financial position has been extracted by the directors from the Group's financial statements for the year ended 30 June 2013, on which an audited annual report has been published.

Directors' Responsibility for the Pro Forma Financial Information

The directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the respective dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements (“**HKASE**”) 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant transaction on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction at 16 April 2014 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

Cheng & Cheng Limited

Certified Public Accountants

Chan Shek Chi

Practising Certificate Number: P05540

27 February 2014

The Bonus Warrants will be issued subject to and with benefit of an instrument by way of deed poll (“**Instrument**”) and they will be issued in registered form and will form one class and rank *pari passu* in all respects with each other.

The principal terms and conditions of the Bonus Warrants (“**Conditions**”) will be set out in the certificate(s) for the Bonus Warrant (“**Warrant Certificate(s)**”) and will include provisions to the effect set out below. Holders of the Bonus Warrant (“**Warrantholders**”) will be entitled to the benefit of, be bound by, and be deemed to have notice of the Conditions, copies of which will be available at the principal place of business for the time being of the Company in Hong Kong.

1. DEFINITIONS

- (A) In this Appendix, unless there is something in the subject matter or context inconsistent therewith, the words and expressions set out below shall bear the following meanings:

“**approved merchant bank**” means a reputable merchant bank or other reputable financial institution in Hong Kong selected by the Directors;

“**Auditors**” means the auditors for the time being of the Company;

“**closing price**” in relation to a Share on a particular date, means the closing price as shown in the daily quotation sheet issued by the Stock Exchange for one Share in issue on that particular date and, if that particular date is not a dealing date, on the dealing date immediately preceding that particular date;

“**dollars**”, “**HK\$**” and “**cents**” means Hong Kong dollars or cents respectively;

“**Employee Share Option Scheme**” means the employee share option scheme approved at the annual general meeting of the Company on 10 December 2013 and any scheme approved in general meeting by the shareholders of the Company for the issue or grant to directors and/or employees of the Company and/or any Subsidiary or other eligible participants of Shares or options to subscribe for Shares;

“**Equity Share Capital**” means the issued share capital of the Company excluding any part thereof which does not either as respects dividends or as respects capital carry any right to participate beyond a specified amount or beyond an amount calculated by reference to a specified rate in a distribution;

“**Exercise Moneys**” means, in relation to any Bonus Warrant(s), the amount stated on the face of the Warrant Certificate(s) issued in respect of such Bonus Warrant(s) as the amount in cash which the Warrantholder of such Bonus Warrant(s) is entitled to subscribe for Shares at the Subscription Price upon the exercise of the Subscription Rights represented thereby;

“**notice**” means a notice given or to be given in accordance with paragraph 16 below;

“**record date**” means the date fixed by the Articles of Association of the Company or otherwise specified by the Company for the purpose of determining entitlement to dividends or other distributions or rights of holders of Shares;

“**Register**” means the register of Warrantholders of the Company required to be maintained pursuant to paragraph 6 below;

“**Shares**” or “**Ordinary Capital**” means the shares of HK\$0.001 each in the authorised capital of the Company existing on the date of the Instrument and all other (if any) stock or shares from time to time and for the time being ranking *pari passu* therewith and all other (if any) shares or stock in the Equity Share Capital of the Company resulting from any sub-division, consolidation or re-classification of Shares;

“**Special Resolution**” means a resolution passed at a meeting of the Warrantholders duly convened and held and carried by a majority consisting of not less than three-fourths of the votes cast upon a show of hands or, if a poll is duly demanded, by a majority consisting of not less than three-fourths of the votes cast on a poll;

“**Subscription Date**” means, in relation to any Bonus Warrant, any business day falling during the Subscription Period on which any of the Subscription Rights represented by such Bonus Warrant are duly exercised before the close of business on such day by delivery of the Warrant Certificate in respect thereof to the principal office of the Company in Hong Kong with the Subscription Form duly completed, together with a remittance for the Exercise Moneys or (in the case of partial exercise) the relevant portion thereof and otherwise in accordance with paragraph 2 below provided that if such rights are exercised during a period when the register of holders of Shares is closed the “Subscription Date” shall be the next following business day on which the register of holders of Shares is open;

“**Subscription Form**” means, in relation to any Bonus Warrant, the form endorsed on each Warrant Certificate in respect thereof (or a separate form obtained from the principal place of business of the Company in Hong Kong which the Company shall in its discretion permit to be used for the purpose of exercise of Subscription Rights) and includes also, where the context admits or requires, a consolidated Subscription Form in relation to (inter alia) that Bonus Warrant which may be obtained from the principal place of business of the Company in Hong Kong;

“**Subscription Period**” means any time during the period of 24 months commencing from the issue date of the Bonus Warrants until the second anniversary of the issue date (if that is not a business day, the first business day immediately preceding such date) (both dates inclusive);

“**Subscription Price**” means the sum payable in respect of each Share to which the registered holder of each Bonus Warrant will be entitled upon exercise of the Subscription Rights represented thereby, being HK\$0.25 (on the date of the Instrument) or such adjusted price as may for the time being be applicable in accordance with the terms of the Instrument referred to in paragraph 3 below;

“**Subscription Rights**” means the rights of the Warranholders represented by the Bonus Warrants to subscribe in a maximum aggregate amount (assuming all the Convertible Bonds have been exercised in full on or before the Record Date) of HK\$42,848,256 for Shares pursuant to the Bonus Warrants, and in relation to each Bonus Warrant, means the right of the relevant Warranholder to subscribe the Exercise Moneys for Shares upon and subject to the Conditions; and

“**Subsidiary**” means a company which is for the time being and from time to time a subsidiary (within the meaning of section 2 of the Companies Ordinance) of the Company whether incorporated in Hong Kong, the Cayman Islands or elsewhere.

2. EXERCISE OF SUBSCRIPTION RIGHTS

- (A) Subject to the provisions hereof and to compliance with all fiscal and other laws and regulations applicable thereto, the Warranholder of the Bonus Warrant represented by the Warrant Certificate will have the right, which may be exercised in whole or in part at any time during the Subscription Period, to subscribe in cash in Hong Kong dollars (in integral multiples of the Subscription Price) the Exercise Moneys for fully-paid Shares at the Subscription Price per Share applicable on the relevant Subscription Date. After the last date of the Subscription Period (or such earlier date as provided in the Instrument), any Subscription Rights which have not been exercised will lapse and the Bonus Warrants will cease to be valid for any purpose. If payment of the Exercise Moneys is not received, the Bonus Warrants comprised in the relevant exercise of the Subscription Rights will not be treated as exercised earlier than the date of receipt of such payment. No such payment will be accepted after the last date of the Subscription Period (or such earlier date as provided in the Instrument).
- (B) In order to exercise in whole or in part the Subscription Rights represented by the Warrant Certificate, the Warranholder must complete and sign the Subscription Form (which will be irrevocable) and deliver the Warrant Certificate (and if the Subscription Form used is not the form endorsed thereon, the Subscription Form) to the principal place of business of the Company in Hong Kong, together with a remittance for the Exercise Moneys (or, in the case of a partial exercise, the relevant portion of the Exercise Moneys). In each case compliance must also be made with any exchange control, fiscal or other laws or regulations for the time being applicable.

- (C) The number of Shares to be allotted on exercise of the Subscription Rights shall be calculated by dividing the amount specified in the relevant Subscription Form and duly remitted as aforesaid by the Subscription Price applicable on the Subscription Date. No fraction of a Share will be allotted but any balance representing fractions of the Exercise Moneys paid on exercise of the Subscription Rights represented by the Warrant Certificate will be refunded by the Company to the Warrantholder, provided always that for the purpose of determining whether any (and if so what) fraction of a Share arises:
- (i) if the Subscription Rights represented by the Warrant Certificate and any one or more other Warrant Certificates are exercised on the same Subscription Date by the same Warrantholder then the Subscription Rights represented by such Bonus Warrant shall be aggregated; and
 - (ii) regard shall be had, where applicable, to the provisions of Clause 6.1(C) of the Instrument.
- (D) The Company has undertaken in the Instrument that Shares falling to be issued upon the exercise of the Subscription Rights represented by the Warrant Certificate will be issued and allotted not later than 28 days after the relevant Subscription Date and will rank *pari passu* with the fully-paid Shares in issue on the relevant Subscription Date and accordingly shall entitle the holders to participate in all dividends or other distributions paid or made on or after the relevant Subscription Date unless adjustment therefor has been made as provided in paragraph 3 below and other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the relevant Subscription Date and notice of the amount and record date for which shall have been given to the Stock Exchange prior to the relevant Subscription Date.
- (E) As soon as practicable after the relevant allotment of Shares under this paragraph there will be issued free of charge to the Warrantholder of the Bonus Warrant represented by the Warrant Certificate:
- (i) a certificate (or certificates) for the relevant Shares in the name of such Warrantholder;
 - (ii) (if applicable) a balance Warrant Certificate in registered form in the name of such Warrantholder in respect of any Subscription Rights represented by the Warrant Certificate and remaining unexercised; and

- (iii) (if applicable) a refund cheque representing the fractional entitlement to Shares not allotted as mentioned in sub-paragraph (C) above.

The certificate(s) for Shares arising on the exercise of Subscription Rights, the balance Warrant Certificate (if any) and the refund cheque in respect of the fractional entitlement (if any) will be sent by post at the risk of such Warrantholder to the address of such Warrantholder or (in the case of a joint holding) to that one of them whose name stands first in the Register. If the Company agrees, such certificates and cheques may by prior arrangement be retained by the Company to await collection by the relevant Warrantholder.

- (F) Notwithstanding anything contained in the Instrument or the Conditions, a Warrantholder shall not have the right to exercise the whole or part of the Subscription Rights under the Bonus Warrant(s) to the extent that immediately after such exercise, the relevant Warrantholder together with parties acting in concert with it (as defined under the Takeovers Code), taken together, will, directly or indirectly, control or be interested in 30 per cent or more of the voting rights of the Company (or in such percentage as may from time to time be specified in the Takeovers Code being the level for triggering a mandatory general offer) or otherwise, a general offer shall be given in accordance with the requirement of the Takeovers Code unless a waiver from the shareholders of the Company has been obtained in accordance with the Takeovers Code. Further, Warrantholders shall not have the right to exercise the whole or part of the Subscription Rights under the Bonus Warrant(s) to the extent that immediately after such exercise, there will not be sufficient public float of the Shares as required under the Listing Rules.

3. ADJUSTMENTS OF SUBSCRIPTION PRICE

The Instrument contains detailed provisions relating to the adjustment of the Subscription Price. The following is a summary of, and is subject to, the provisions of Clause 4 of the Instrument:

- (A) The Subscription Price shall (except as mentioned in paragraphs (B) and (C) below) be adjusted as provided in the Instrument in each of the following cases:
 - (i) an alteration of the nominal amount of the Shares by reason of any consolidation or sub-division;
 - (ii) an issue (other than in lieu of a cash dividend) by the Company of Shares credited as fully-paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund);
 - (iii) a Capital Distribution (as defined in the Instrument) being made by the Company, whether on a reduction of capital or otherwise, to holders of its Shares in their capacity as such;
 - (iv) a grant by the Company to the holders of Shares (in their capacity as such) of rights to acquire for cash assets of the Company or any of its Subsidiaries;

- (v) an offer or grant being made by the Company to holders of its Shares of new Shares by way of rights or of options or warrants to subscribe for new Shares at a price which is less than 80 per cent. of the market price (calculation as provided in the Instrument);
 - (vi) an issue wholly for cash being made by the Company or any other company of securities convertible into or exchangeable for or carrying rights of subscription for new Shares, if in any case the total Effective Consideration (as defined in the Instrument) per Share is less than 80 per cent. of the market price (calculation as provided in the Instrument), or the terms of any such issue being altered so that the said total Effective Consideration is less than 80 per cent. of the market price;
 - (vii) an issue being made wholly for cash of Shares (other than pursuant to an Employee Share Option Scheme) at a price less than 80 per cent. of the market price (calculation as provided in the Instrument); and
 - (viii) the purchase by the Company of Shares or securities convertible into Shares or any rights to acquire Shares (excluding any such purchases made on the Stock Exchange or any recognised stock exchange, being a stock exchange recognised for this purpose by the Securities and Futures Commission of Hong Kong and the Stock Exchange) in circumstances where the Directors consider that it may be appropriate to make an adjustment to the Subscription Price.
- (B) Except as mentioned in sub-paragraph (C) below, no such adjustment as is referred to in sub-paragraphs (ii) to (vii) of sub-paragraph (A) above shall be made in respect of:
- (i) an issue of fully-paid Shares upon the exercise of any conversion rights attached to securities convertible into Shares or upon the exercise of any rights (including the Subscription Rights) to acquire Shares;
 - (ii) an issue of Shares or other securities of the Company or any Subsidiary wholly or partly convertible into, or rights to acquire, Shares to directors or employees of the Company or any Subsidiaries pursuant to an Employee Share Option Scheme;
 - (iii) an issue by the Company of Shares or by the Company or any Subsidiary of securities wholly or partly convertible into or carrying rights to acquire Shares, in any such case in consideration or part consideration for the acquisition of any other securities, assets or business;
 - (iv) an issue of fully-paid Shares by way of capitalisation of all or part of the Subscription Right Reserve (as defined in the Instrument) (or other profits or reserves) to be established in certain circumstances pursuant to the terms and conditions contained in the Instrument (or any similar reserve which has been or may be established pursuant to the terms of any other securities wholly or partly convertible into, or rights to acquire, Shares); or

- (v) an issue of Shares pursuant to a scrip dividend scheme where an amount not less than the nominal amount of the Shares so issued is capitalised and the market value (calculation as provided in the Instrument) of such Shares is not more than 120 per cent. of the amount of dividend which holders of Shares could elect to or would otherwise receive in cash.

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

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

- (E) Every adjustment to the Subscription Price will be certified by the Auditors or an approved merchant bank in accordance with sub-paragraph (C) above and notice of each adjustment (giving the relevant particulars) will be given to the Warrantholders. In giving any certificate or making any adjustment hereunder, the Auditors or the approved merchant bank shall be deemed to be acting as experts and not as arbitrators and, in the absence of manifest error, their decision shall be conclusive and binding on the Company and the Warrantholders and all persons claiming through or under them respectively. Any such certificates of the Auditors and/or approved merchant bank will be available at the principal place of business for the time being of the Company in Hong Kong, where copies may be obtained without charge.

4. REGISTERED WARRANTS

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

5. WINDING-UP OF THE COMPANY

- (A) In the event a notice is given by the Company to its shareholders to convene a shareholders' meeting for the purposes of considering, and if thought fit approving, a resolution to voluntarily wind-up the Company, the Company shall forthwith give notice thereof to each Warrantholder and thereupon, every Warrantholder shall be entitled by irrevocable surrender of his Warrant Certificate(s) to the Company (such surrender to occur not later than 2 business days prior to the proposed shareholders' meeting referred to above) with the Subscription Form(s) duly completed, together with payment of the Exercise Moneys or the relative portion thereof, to exercise the Subscription Rights represented by such Bonus Warrant and the Company shall as soon as possible and in any event no later than the day immediately prior to the date of the proposed shareholders' meeting allot such number of Shares to the Warrantholder which fall to be issued pursuant to the exercise of the Subscription Rights represented by such Bonus Warrant. The Company shall give notice to the Warranholders of the passing of such resolution within 7 days after the passing thereof.
- (B) If an effective resolution is passed during the Subscription Period for the voluntary winding-up of the Company for the purpose of reconstruction or amalgamation pursuant to a scheme of arrangement to which the Warranholders, or some persons designated by them for such purpose by Special Resolution, shall be a party or in conjunction with which a proposal is made to the Warranholders and is approved by Special Resolution, the terms of such scheme of arrangement or (as the case may be) proposal shall be binding on all the Warranholders.

Subject to the foregoing, if the Company is wound up, all Subscription Rights which have not been exercised at the commencement of the winding-up shall lapse and each Warrant Certificate will cease to be valid for any purpose.

6. TRANSFER, TRANSMISSION AND REGISTER

The Subscription Rights represented by the Warrant Certificate are transferable, in whole amounts or integral multiples of the Subscription Price for the time being in force, by instrument of transfer in any usual or common form or such other form as may be approved by the Directors executed under the hands of its authorised person(s), PROVIDED THAT no transfer of Bonus Warrant to connected persons (as defined in the Listing Rules) shall be allowed without the prior approval of the Company and the Stock Exchange. For this purpose, the Company shall maintain the Register and the provisions of the Company's Articles of Association for the time being in relation to the registration, transfer and transmission of Shares shall apply, mutatis mutandi, to the registration, transfer and transmission of the Bonus Warrant and shall have full effect as if the same had been incorporated herein.

Persons who hold the Bonus Warrant and have not registered the Bonus Warrant in their own names and wish to exercise the Bonus Warrant may incur additional costs and expenses in connection with any expedited re-registration of the Bonus Warrant prior to the transfer or exercise of the Bonus Warrant, particularly during the period commencing ten business days prior to and including the last day of the Subscription Period.

7. CLOSURE OF REGISTER OF WARRANTHOLDERS

The registration of transfers may be suspended and the Register may be closed for such period as the Directors may from time to time direct, provided that the same shall not be closed for a period of more than 60 days in any one year. Any transfer or exercise of the Subscription Rights attached to the Bonus Warrant made while the Register is so closed shall, as between the Company and the person claiming under the relevant transfer of Bonus Warrant or, as the case may be, as between the Company and the Warrantholder who has so exercised the Subscription Rights attached to his Bonus Warrant (but not otherwise), be considered as made immediately after the reopening of the Register.

8. PURCHASE AND CANCELLATION

The Company or any of the Subsidiaries may at any time purchase Bonus Warrants:

- (i) in the open market or by tender (available to all Warrantholders alike) at any price; or
- (ii) by private treaty upon terms to be agreed between the parties, but the price of which shall in any event not more than 120 per cent of the Exercise Moneys, but not otherwise.

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

9. MEETINGS OF WARRANTHOLDERS AND MODIFICATION OF RIGHTS

- (A) The Instrument contains in the Second Schedule provisions for convening meetings of Warrantholders to consider any matter affecting the interests of Warrantholders, including the modification by Special Resolution of the provisions of the Instrument and/or these Conditions. A Special Resolution duly passed at any such meeting shall be binding on the Warrantholders, whether present or not.
- (B) All or any of the rights for the time being attached to the Bonus Warrants (including any of the provisions of the Instrument) may from time to time (whether or not the Company is being wound up) be altered or abrogated (including but without prejudice to that generality by waiving compliance with, or by waiving or authorising any past or proposed breach of, any of the provisions of the Conditions and/or the Instrument) and the sanction of a Special Resolution shall be necessary and sufficient to effect such alteration or abrogation.

- (C) Where the Warrantholder is a recognised clearing house (within the meaning of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)) or its nominee(s), it may authorise such person or persons as it thinks fit to act as its representative (or representatives) or proxy (or proxies) at any Warrantholders' meeting provided that, if more than one person is so authorised, the authorisation or proxy form must specify the number and class of warrants in respect of which each such person is so authorised. The person so authorised will be entitled to exercise the same power on behalf of the recognised clearing house as that clearing house or its nominee(s) could exercise as if such person were an individual Warrantholder of the Company.

10. OVERSEAS WARRANTHOLDERS

If a Warrantholder has a registered address in any territory other than Hong Kong where, in the opinion of the Directors, the allotment of Shares to such Warrantholder upon exercise of any Subscription Rights would or might, in the absence of compliance with registration or any other special formalities in such territory, be unlawful or impracticable under the laws of such territory, then the Company shall as soon as practicable after exercise by such Warrantholder of any Subscription Rights either:

- (A) allot the Shares which would otherwise have been allotted to such Warrantholder to one or more third parties selected by the Company; or
- (B) allot such Shares to such Warrantholder and then, on his behalf, sell them to one or more third parties selected by the Company;

in each case for the best consideration then reasonably obtainable by the Company. As soon as reasonably practicable following any such allotment or (as the case may be) allotment and sale, the Company shall pay to the relevant Warrantholder an amount equal to the consideration received by the Company therefor (but having deducted therefrom all brokerages, commissions, stamp duty, withholding tax and all other payments, charges or taxes incurred by the Company in respect thereof) by posting the relevant remittance to him at his risk.

11. REPLACEMENT OF WARRANT CERTIFICATES

If a Warrant Certificate is mutilated, defaced, lost or destroyed, it may, at the discretion of the Company, be replaced at the principal place of business of the Company in Hong Kong on payment of such costs as may be incurred in connection therewith and on such terms as to evidence, indemnity and/or security as the Company may require and on payment of such scrip fee not exceeding HK\$2.50 as the Company may determine. Mutilated or defaced Warrant Certificates must be surrendered before replacements will be issued.

In the case of lost Warrant Certificates, sections 71A(2), (3), (4), (6), (7) and (8) of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) shall apply as if reference to "shares" therein included Bonus Warrants.

12. PROTECTION OF SUBSCRIPTION RIGHTS

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

13. CALL

If at any time Bonus Warrants which have not been exercised carry rights to subscribe less than 10 per cent. in value of all Subscription Rights, the Company may, on giving not less than 3 months' notice, require Warrantholders either to exercise their Subscription Rights or to allow them to lapse. On expiry of such notice, all unexercised Bonus Warrants will be automatically cancelled without compensation to holders of such Bonus Warrants.

14. FURTHER ISSUES

The Company shall be at liberty to issue further subscription warrants, including warrants ranking *pari passu* with the Bonus Warrants.

15. UNDERTAKINGS BY THE COMPANY

In addition to the undertakings given by it in relation to the grant and exercise of the Subscription Rights and the protection thereof, the Company has undertaken in the Instrument that:

- (i) it will pay (if applicable) all Cayman Islands and Hong Kong stamp duties, registration fees or similar charges in respect of the execution of the Instrument, the creation and initial issue of the Bonus Warrants in registered form, the exercise of the Subscription Rights and the issue of Shares upon exercise of the Subscription Rights;
- (ii) it will keep available for issue sufficient Ordinary Capital to satisfy in full all rights for the time being outstanding of subscription for and conversion into Shares; and
- (iii) it will use all reasonable efforts to procure that all Shares allotted upon exercise of the Bonus Warrants may, upon allotment or as soon as reasonably practicable thereafter, be dealt in on the Stock Exchange (save that this obligation shall lapse in the event that the listing of the Shares on the Stock Exchange is withdrawn following an offer for all or any of the Shares (whether by way of scheme of arrangement or otherwise) where a like offer is extended to holders of the Bonus Warrants or to holders of any Shares issued on exercise of the Bonus Warrants during the period of the offer (whether by way of proposal to the Warrantholders or otherwise)).

16. NOTICES

- (A) The Instrument contains provisions relating to notices to be given to the Warrantheolders.
- (B) Every Warrantheolder shall register with the Company an address in Hong Kong or elsewhere to which notices can be sent and if any Warrantheolder shall fail so to do notice may be given to such Warrantheolder in any of the manners hereinafter mentioned to his last known place of business or residence or, if there be none, by posting the same for 3 days at the principal place of business for the time being of the Company in Hong Kong.
- (C) A notice may be given by advertisement of the same in both an English language newspaper circulating in Hong Kong and a Chinese language newspaper circulating in Hong Kong or by way of announcement or by delivery or prepaid letter (airmail in the case of an overseas address).
- (D) All notices with respect to Bonus Warrants standing in the names of joint holders shall be given to whichever of such persons is named first in the Register and notice so given shall be sufficient notice to all the holders of such Bonus Warrants.

17. GOVERNING LAW

The Instrument and the Bonus Warrants are governed by and will be construed in accordance with the laws of Hong Kong.

1. RESPONSIBILITY STATEMENT

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

2. SHARE CAPITAL

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date; (ii) immediately following the completion of the Open Offer with the Bonus Issue (assuming that there is no change in the issued share capital of the Company between the Latest Practicable Date up to the completion of the Open Offer); and (iii) immediately following the full exercise of the subscription rights of all the Bonus Warrants (assuming that there is no change in the issued share capital of the Company between the Latest Practicable Date up to the date of such exercise except for the issue of the Offer Shares).

(i) As at the Latest Practicable Date

<i>Authorised capital:</i>		<i>HK\$</i>
<u>200,000,000,000</u>	Shares of HK\$0.001 each	<u>HK\$200,000,000</u>
<i>Issued and fully paid:</i>		
<u>151,393,024</u>	Shares of HK\$0.001 each as at the Latest Practicable Date	<u>HK\$151,393.024</u>

(ii) immediately following completion of the Open Offer

<i>Authorised capital:</i>		<i>HK\$</i>
<u>200,000,000,000</u>	Shares of HK\$0.001 each	<u>HK\$200,000,000</u>
<i>Issued and fully paid:</i>		
151,393,024	Shares of HK\$0.001 each	HK\$151,393.024
<u>605,572,096</u>	Offer Shares to be issued under the Open Offer	<u>HK\$605,572.096</u>
<u>756,965,120</u>		<u>HK\$756,965.120</u>

(iii) immediately following the full exercise of the subscription rights of all the Bonus Warrants

<i>Authorised capital:</i>		<i>HK\$</i>
<u>200,000,000,000</u>	Shares of HK\$0.001each	<u>HK\$200,000,000</u>
<i>Issued and fully paid:</i>		
151,393,024	Shares of HK\$0.001each	HK\$151,393.024
605,572,096	Offer Shares to be issued under the Open Offer	HK\$605,572.096
151,393,024	Warrant Shares to be allotted and issued upon full exercise of the subscription rights of all the Bonus Warrants	HK\$151,393.024
<u>908,358,144</u>		<u>HK\$908,358.144</u>

All the existing Shares rank *pari passu* with each other in all respects including the rights as to voting, dividends and return of capital. The Offer Shares and Warrant Shares to be allotted and issued will, when issued and fully paid, rank *pari passu* in all respects with the existing Shares.

The existing Shares in issue are listed on the Stock Exchange. No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, the Convertible Bonds in the aggregate principal amount of HK\$20 million are outstanding, which could be convertible into up to 20,000,000 Shares. Save for the Convertible Bonds, there are no other outstanding options, warrants or securities convertible or exchangeable into the Shares.

3. DISCLOSURE OF INTERESTS BY DIRECTORS

As at the Latest Practicable Date, none of the Directors or the chief executive of the Company had any interests or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (“SFO”) (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.

4. INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to the Directors or chief executives of the Company, the following persons (other than a Director or chief executives of the Company) had interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

Name	Capacity and nature of interest	Number of Shares/ underlying Shares held	Approximate percentage of the Company's issued share capital
Tanrich Securities Company Limited (<i>Note 1</i>)	Beneficial owner	856,965,120	566.05%
Tanrich Financial (Management) Limited (<i>Note 1</i>)	Interest in a controlled corporation	856,965,120	566.05%
Tanrich Financial Holding Limited (<i>Note 1</i>)	Interest in a controlled corporation	856,965,120	566.05%
Fame Harvest Group Limited (<i>Note 1</i>)	Interest in a controlled corporation	856,965,120	566.05%
Bank of East Asia (Trustees) Limited (<i>Note 1</i>)	Trustee (other than a bare trustee)	856,965,120	566.05%
Yip Man Fan (<i>Note 1</i>)	Founder of a discretionary trust	856,965,120	566.05%
Jacob Kingdom Holdings Limited (<i>Note 2</i>)	Beneficial owner	80,000,000	52.84%
Siu Kwok Chung (<i>Note 2</i>)	Interest in a controlled corporation	81,385,000	53.76%
Wang Zhendong	Beneficial owner	80,000,000	52.84%
Yang Zhijian	Beneficial owner	13,870,000	9.16%
I-clouds Investments Limited (<i>Note 3</i>)	Beneficial owner	10,500,000	6.94%
Ye Ruiqiang (<i>Note 3</i>)	Interest in a controlled corporation	10,500,000	6.94%

Notes:

- (1) Assuming no acceptance by the Qualifying Shareholders under the Open Offer and all outstanding Convertible Bonds being converted in full before the Record Date, Tanrich Securities Company Limited will be required to take up a maximum of 685,572,096 Offer Shares and 171,393,024 Warrant Shares pursuant to its underwritten obligation under the Underwriting Agreement. As Tanrich Securities Company Limited is wholly owned by Tanrich Financial (Management) Limited which is in turn wholly owned by Tanrich Financial Holding Limited. Fame Harvest Group Limited holds 40.29% of the issued shares of Tanrich Financial Holding Limited and Bank of East Asia (Trustees) Limited in turn holds 100% of the issued shares of Fame Harvest Group Limited. Mr. Yip Man Fan is the founder of a discretionary trust with Fame Harvest Group Limited as its trust property. Accordingly, each of Tanrich Financial (Management) Limited, Tanrich Financial Holding Limited, Fame Harvest Group Limited, Bank of East Asia (Trustees) Limited and Mr. Yip Man Fan is deemed to be interested in the Offer Shares to be underwritten by Tanrich Securities Company Limited under the Underwriting Agreement.
- (2) As Jacob Kingdom Holdings Limited is wholly owned by Mr. Siu Kwok Chung, Mr. Siu Kwok Chung is deemed to be interested in the 80,000,000 Shares in which Jacob Kingdom Holdings Limited is interested.
- (3) As I-clouds Investments Limited is wholly owned by Mr. Ye Ruiqiang, Mr. Ye Ruiqiang is deemed to be interested in the 10,500,000 Shares in which I-clouds Investments Limited is interested.

Save as disclosed above, as at the Latest Practicable Date, the Company has not been notified by any person (other than a Director or chief executive of the Company) who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carry rights to vote in all circumstances at general meetings of any member of the Group, or had interests or short positions in the shares or underlying shares which would fall to be disclosed by the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

5. INTEREST OF DIRECTORS

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

As at the Latest Practicable Date, none of the Directors has or had any direct or indirect interest in any assets which have been acquired or disposed by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group since 30 June 2013, being the date to which the latest published audited consolidated financial statements of the Group were made up.

6. DIRECTORS' INTERESTS IN COMPETING BUSINESSES

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

7. EXPERTS AND CONSENTS

The following is the qualifications of the expert who has given opinion or advice which is contained in this circular:

Name	Qualifications
Cheng & Cheng Limited	Certified Public Accountants
Grand Vinco Capital Limited	Licensed corporation to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO

Cheng & Cheng Limited and Grand Vinco Capital Limited have given and have not withdrawn their written consent to the issue of this circular with the inclusion therein of their letters and references to their name and/or their advice in the form and context in which they respectively appear.

As at the Latest Practicable Date, none of the above experts had any direct or indirect shareholdings in any member of the Group, or any right to subscribe for or to nominate persons to subscribe for securities in any member of the Group, or any interests, directly or indirectly, in any assets which have been acquired, disposed of or leased to or which are proposed to be acquired, disposed of or leased to any member of the Group, respectively, since 30 June 2013, the date to which the latest published audited financial statements of the Group were made up.

8. MATERIAL CONTRACTS

The following contracts have been entered into by the Group (not being contracts entered into in the ordinary course of business of the Company) within the two years immediately preceding the issue of the Announcement and up to the Latest Practicable Date and are or may be material:

- (i) the Underwriting Agreement;
- (ii) a supplemental placing agreement dated 14 March 2013 entered into between the Company and Fordjoy Securities and Futures Limited in relation to the amendments of certain terms and conditions of the Convertible Bonds;
- (iii) a placing agreement dated 11 March 2013 entered into between the Company and Fordjoy Securities and Futures Limited regarding the placing of Convertible Bonds in aggregate principal amount of up to HK\$20,000,000 on a best effort basis;
- (iv) the underwriting agreement dated 3 January 2013 entered into between the Company and Enerchine Securities Limited (formerly known as Radland International Limited) in relation to the underwriting arrangement in respect of the rights issue of not less than 50,464,341 Shares at the subscription price of HK\$0.65 per Share;

- (v) the placing agreement dated 23 August 2012 entered into between the Company and Orient Securities Limited in relation to the placing of 84,000,000 new shares at HK\$0.113 per share by Orient Securities Limited on a best effort basis; and
- (vi) the sale and purchase agreement dated 2 May 2012 entered into between the Company as purchaser and Superior Global International Limited as vendor in relation to the acquisition of the entire issued share capital of Long Surplus Investments Limited in consideration of HK\$19,008,480 to be settled by issuing 84,116,984 Shares.

Save as disclosed above, no material contract (not being contracts entered into in the ordinary course of business) was entered into by any member of the Group within the two years immediately preceding the issue of the Announcement and up to the Latest Practicable Date.

9. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any existing or proposed service contracts with the Company or any other member of the Group (excluding contracts expiring or which may be terminated by the Company within one year without payment of any compensation (other than statutory compensation)).

10. LITIGATION

As at the Latest Practicable Date, so far as the Directors are aware, no member of the Group was engaged in any litigation, arbitration or claim of material importance and there was no litigation, arbitration or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

11. PROFILE OF DIRECTORS

Executive Directors

Mr. Kong Fanpeng, aged 45, has been an Executive Director of the Company since 18 March 2010. He obtained a Bachelor's degree in Finance and Auditing from Zhongshan University, the PRC. Mr. Kong was a manager of Huizhou TCL Information System Limited and Guangzhou Bada Telecommunications Limited. He also worked as the general manager of the PRC market and an executive director respectively at Chief Securities Limited in Hong Kong and Excalibur Securities Limited in Hong Kong, specialising in risk averse arbitrage trading in both Shenzhen and Hong Kong capital market. Mr. Kong was the chairman and an executive director of Shenzhen Wansheng Investment Management Company Limited. He has a wealth of experience in the Hong Kong securities market for over 22 years and is well versed in investment in the second board market in both China and Hong Kong. Mr. Kong is the chief partner of Shenzhen CAS Bright Stone Investment Management Limited.

Mr. Chan Cheong Yee, aged 50, has been an Executive Director of the Company since 21 November 2012. Mr. Chan obtained a Bachelor of Science degree from the College of Business Administration of The University of South Florida in the United States of America. Mr. Chan is one of the responsible officers of China Everbright Securities (HK) Limited. He is experienced in dealing in securities, fund management, corporate management, corporate finance and managing listed investment companies under Chapter 21 of the Listing Rules. Mr. Chan is currently a licensed person to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts), type 3 (leveraged foreign exchange trading) and type 9 (asset management) regulated activities under the SFO.

Mr. Chan is an executive director of a number of investment companies listed on the main board of the Stock Exchange, namely, China Innovation Investment Limited (stock code: 1217), China Investment and Finance Group Limited (stock code: 1226), China Investment Development Limited (stock code: 204), and China New Economy Fund Limited (stock code: 80). Mr. Chan is also an executive director of Alpha Returns Group PLC, an investment company listed on AIM of London Stock Exchange.

Mr. Chan was an independent non-executive director before 2009 and thereafter an executive director of Bingo Group Holdings Limited (stock code: 8220), a company listed on the Growth Enterprise Market of the Stock Exchange. He is also an independent non-executive director of Agritrade Resources Limited (stock code: 1131), a company listed on the Stock Exchange.

Mr. Tang Tsz Tung, aged 40, has been an Executive Director of the Company since 6 March 2013. Mr. Tang holds a Bachelor degree in Civil Engineering with minor in Finance and Mathematics from University College London. Mr. Tang is currently a licensed person to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts), and type 9 (asset management) regulated activities under the SFO).

Mr. Tang has a wealth of working experience in dealing in securities, fund management, corporate management and corporate finance. He worked in Citigroup Global Markets Asia Limited from September 2000 to November 2008. From November 2008 to August 2010, Mr. Tang was employed by HSBC Private Bank (Suisse) SA, the private banking subsidiary of HSBC group (licensed for type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activity under the SFO). Since April 2011, Mr. Tang has worked with Astrum Capital Management Limited, a Hong Kong asset management firm (licensed for type 9 (asset management) regulated activity under the SFO) with focus on the Greater China region.

Independent Non-executive Directors

Mr. Lam Kwan, aged 45, has been an Independent Non-executive Director of the Company since 10 September 2003. He obtained a Bachelor degree in Accountancy from the Hong Kong Polytechnic University. He is a practicing Certified Public Accountant in Hong Kong, a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Taxation Institute of Hong Kong. Mr. Lam is currently a director of Charles H.C. Cheung & CPA Limited. Mr. Lam is an independent non-executive director of Pearl Oriental Oil Limited (stock code: 632).

Mr. Ong Chi King, aged 40, has been an Independent Non-executive Director of the Company since 20 January 2012, is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Mr. Ong received a Bachelor's degree in Business Administration from The Hong Kong University of Science and Technology and a master's degree in corporate finance from The Hong Kong Polytechnic University. Mr. Ong has more than 17 years of experience in accounting, finance and company secretarial fields and held senior positions in finance and company secretarial departments in various listed companies listed on the main board of the Stock Exchange. Mr. Ong is currently a qualified accountant and company secretary of a company listed on the main board of the Stock Exchange. Mr. Ong is an independent non-executive director of China Environmental Resources Group Limited (stock code: 1130).

Mr. Lee Ming Gin, aged 28, has been an Independent Non-executive Director of the Company since 6 March 2013. Mr. Lee holds a Bachelor Degree of Quantitative Finance from the Chinese University of Hong Kong. Mr. Lee is experienced in securities, insurance advisory and fund management having been working for several wealth and asset management firms. Mr. Lee was a continuous education training tutor and is currently a director of the Institute of Financial Planners of Hong Kong, and his professional qualifications include Certified Financial Consultant, Certified Financial Planner and member of the Hong Kong Securities Institution.

12. MISCELLANEOUS

- (a) The company secretary of the Company is Mr. Chan Ka Yin, a member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.
- (b) The English text of this circular shall prevail over the Chinese text in case of inconsistencies.

13. EXPENSES

The expenses in connection with the Open Offer, including the underwriting commission and professional fees payable to financial advisors, lawyers and financial printer, are estimated to be approximately HK\$5 million and will be payable by the Company.

14. CORPORATE INFORMATION AND PARTIES INVOLVED**The Company**

Registered Office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Headquarters and principal place of business in Hong Kong and office address of all Directors	Unit 2302, 23rd Floor New World Tower 1 18 Queen's Road Central Hong Kong
Authorised representatives	Mr. Kong Fanpeng Mr. Chan Ka Yin
Executive Directors	Mr. Kong Fanpeng Mr. Chan Cheong Yee Mr. Tang Tsz Tung
Independent non-executive Directors	Mr. Lam Kwan Mr. Ong Chi King Mr. Lee Ming Gin
Company secretary	Mr. Chan Ka Yin Unit 2302, 23/F, New World Tower 1 18 Queen's Road Central Hong Kong
Principal share registrar and transfer office in Cayman Islands	Codan Trust Company (Cayman) Limited Cricket Square, Hutchins Drive P.O. Box 2681, Grand Cayman KY1-1111 Cayman Islands
Branch share registrar	Tricor Tengis Limited 26th Floor, Tesbury Centre 28 Queen's Road East Wanchai Hong Kong

Principal Banker	The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central Hong Kong
	Hang Seng Bank 83 Des Voeux Road Central Hong Kong
Legal advisor as to Hong Kong Laws (in relation to the Open Offer)	Patrick Mak & Tse 16/F., Nan Fung Tower 173 Des Voeux Road Central Hong Kong
Underwriter	Tanrich Securities Company Limited 16/F, Central Plaza 18 Harbour Road Wanchai, Hong Kong
Financial advisor to the Company	Amasse Capital Limited Room 1201, 12th Floor Prosperous Building 48-52 Des Voeux Road Central Hong Kong
Independent Financial Adviser	Grand Vinco Capital Limited Units 4909-4910, 49/F, The Center 99 Queen's Road Central Hong Kong
Auditors and reporting accountants	Cheng & Cheng Limited Certified Public Accountants 10th Floor, Allied Kajima Building 138 Gloucester Road Hong Kong

15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours from 9:30 a.m. to 5:00 p.m. on any weekday (except for public holidays) at the principal place of business of the Company in Hong Kong at Unit 2302, 23rd Floor, New World Tower 1, 18 Queen's Road Central, Hong Kong from the date of this circular up to and including the date of the EGM:

- (i) this circular;
- (ii) the memorandum and articles of association of the Company;
- (iii) the annual reports of the Company for the three financial years ended 30 June 2013;
- (iv) the written consents as referred to in the paragraph headed "Experts and Consents" in this appendix;
- (v) the material contracts as referred to in this paragraph headed "Material Contracts" in this appendix;
- (vi) the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group, the text of which is set out in Appendix II to this circular;
- (vii) the letter from Cheng & Cheng Limited in respect of the compilation of the unaudited pro forma consolidated net tangible assets of the Group, the text of which is set out on pages II-3 to II-4 of this circular;
- (viii) the letter from the Independent Board Committee, the text of which is set out on pages 21 to 22 of this circular; and
- (ix) the letter of advice from Vinco Capital, the text of which is set out on pages 23 to 41 of this circular.

This Appendix serves as an additional disclosure requirement pursuant to Rule 21.09 of Listing Rules in connection with the listing document of an investment company.

INVESTMENT MANAGEMENT INFORMATION

Investment Manager	China Angel Fund Management (HK) Company Limited Rooms 3201-02, Cosco Tower 183 Queen's Road Central Hong Kong
Directors of the Investment Manager	Jiang Qi Hang, Howard Rooms 3201-02, Cosco Tower 183 Queen's Road Central Hong Kong
	Luk Man To, David Rooms 3201-02, Cosco Tower 183 Queen's Road Central Hong Kong
	Sum Nai Bun, Stephen Rooms 3201-02, Cosco Tower 183 Queen's Road Central Hong Kong

The Investment Manager

China Angel Fund Management (HK) Company Limited (the “CAFM”) is a company incorporated in Hong Kong in 2010 with limited liability and is a corporation licensed to carry on type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO.

The following are the directors of CAFM:

Jiang Qi Hang, Howard (“Mr. Jiang”) obtained a Bachelor's degree in Business Administration at the Zhong Shan University, the PRC. and a Master's degree in Business Administration at the Australian Graduate School of Management of University of New South Wales in Australia. Mr. Jiang has over 18 years of professional experience in securities and asset management industry. He had served at Credit Lyonnais Securities Asia Ltd., BNP Paribas Peregrine Securities Ltd. and BOCI Securities Ltd.

Luk Man To, David (“Mr. Luk”) obtained a Bachelor's degree in Business Administration (Finance), the Chinese University of Hong Kong. Mr. Luk is a Chartered Financial Analyst and has over 14 years of professional experience in equity derivatives trading. He had served at Barclays Capital Asia Limited, Morgan Stanley Dean Witter Asia Limited and BNP Paribas.

Sum Nai Bun, Stephen (“**Mr. Sum**”) obtained a Bachelor’s degree in Economics at the University of Leicester, England and a Master’s degree in Investment Analysis (with distinction) at the University of Stirling, Scotland. Mr. Sum has over 18 years’ of experience in the investment management industry. He had served at Nexus Investment Management Limited, Cheemimet Finance Limited and Qi Yuan Asset Management (HK) Limited as an investment management professional. Mr. Sum is currently a responsible officer in respect of Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO.

Duties of CAFM

CAFM is responsible for making investment proposals in accordance with the Investment Management Agreement, the Articles of Association (the “**Articles**”) and the investment policies of the Company.

The Custodian

As at the Latest Practicable Date, the Group has not appointed any custodian.

The Directors confirm that none of the directors of the investment company, the management company, any investment adviser or any distribution company, or any associate of any of those persons, is or will become entitled to receive any part of any brokerage charged to the investment company, or any reallocation of other types on purchases charged to the investment company.

RISKS RELATING TO THE COMPANY

The Company is an investment company and its funds will be invested in listed and unlisted companies mainly in Hong Kong and the PRC. These investments will be subject to market fluctuations and to the risks inherent in all investments. Investors should also be aware that the Company’s income and its net asset value are liable to be adversely affected by external factors beyond the control of the Company. As a result, income of the fund and its net asset value may therefore go down as well as go up, subject to the prevailing market conditions.

INVESTMENT OBJECTIVES AND POLICIES

The Company is an investment company incorporated in the Cayman Islands with the primary objective of achieving earnings in the form of short to medium term (i.e. less than five years) capital appreciation as well as income from interest and dividends by investing in listed and unlisted companies mainly in Hong Kong and the PRC. The Company may from time to time make other investments outside the PRC and Hong Kong should the Directors believe that such investments may provide attractive returns. The Company also intends to invest in unlisted companies with the potential to seek a listing on the Stock Exchange or any overseas stock exchanges.

The Company has adopted the following investment policies:

1. at least 70% of the Company's total investments will be invested in equity securities, convertible notes, preference shares, options, warrants, futures contracts, debt securities, mutual fund and unit trusts issued by listed and unlisted companies in Hong Kong and the PRC, or such other types of investments in accordance with the investment objectives and policies and restrictions adopted by the Company from time to time and the requirements of the Memorandum of Association (the "**Memorandum**"), the Articles, the Listing Rules and the Investment Management Agreement;
2. investments will normally be made in the form of equity or equity related securities and debt instruments in listed and unlisted companies engaged in different industries including (but not limited to) information technology, manufacturing, pharmaceutical, service, property, telecommunications, life and environmental and infrastructure sectors. This helps to maintain a balance in the Company's exposure to different industry sectors in order to minimize the effect on the Company of any downturn in any particular sector;
3. investment will normally be made in enterprises which are established in their respective fields and in which the Board believes that there are prospects of earnings growth and/or capital appreciation. In particular, the Company will seek to identify business or entities with a potential for profit growth, strong management, high levels of technical expertise and research and development capabilities as well as management commitment to long term growth of such companies. However, the Company may invest in companies or other entities which are considered by the Board and/or the Investment Manager as being special or in recovery situations on a case by case basis. The Board believes that the present market conditions offer various special and attractive investment opportunities;
4. where possible, the Board and the Investment Manager will seek to identify investments where there is a certain degree of synergy with other investee companies and where cooperation between such companies would be of mutual benefit to each other;
5. the Company's investments may take the form of equity joint ventures, co-operative joint ventures or participation in unincorporated investments. In the event that the entity in which an investment is made is an unlimited company under the PRC laws, the Company may invest through a wholly-owned subsidiary or an intermediate investment holding company with limited liability. The Board will seek to ensure that the Company will not be directly and unnecessarily exposed to any unlimited liability on its investments;
6. the Company's investments are intended to be held for short to medium term (i.e. less than five years) capital appreciation and there is no present intention to realize any of such investments in any specific period or by any specific date. Nevertheless, the Directors will from time to time realize investments where they believe the realisation would be in the best interests of the Company or where the terms on which such realisation can be achieved are considered by the Directors to be favourable to the Company; and
7. the investment limit exercisable by the Board for any single investment is the lower of 20% of its net asset value or HK\$10,000,000 or such other amount as may be resolved by the Board from time to time.

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

INVESTMENT RESTRICTIONS

Under the Articles and the Listing Rules relating to the listing of investment companies, certain restrictions on investments are imposed on the Company. To abide by such restrictions, the Board has resolved that the Company may not:

1. either on its own or in conjunction with any connected person (as defined in the Listing Rules) take legal, or effective, management control of underlying investments and in no event will the Company itself or through its wholly owned subsidiaries, if any, own(s) or control(s) more than 30% (or such other percentage as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer) of the voting rights in such company or other entity, except in relation to wholly-owned subsidiaries of the Company, if any;
2. invest in any company or entity other than wholly-owned subsidiaries of the Company, if any, for the purpose of holding investments only, if such investment will result in more than 20% of its net asset value being invested in such company or entity as at the date the investment is made so as to ensure that a reasonable spread of investments will at all times be maintained by the Company;
3. buy or sell commodities, commodity contracts or precious metals, except that it may purchase and sell futures contracts on stock indices and securities which are secured by commodities or precious metals;
4. invest more than 30% of the Company's assets outside Hong Kong and the PRC to the extent of contravening its primary objective of achieving short to medium term (i.e. less than five years) capital appreciation by investing in listed and unlisted companies in Hong Kong and the PRC; and
5. engage in transactions in options and futures except for hedging purposes.

The Company has to comply with investment restrictions 1 and 2 above at all the times while it remains listed as an investment company under Chapter 21 of the Listing Rules. These restrictions are contained in the Articles and cannot be changed so long as the Shares remain listed on the Stock Exchange under Chapter 21 of the Listing Rules.

Save for investment restrictions 1 and 2, the investment objectives, policies and restrictions of the Company can be changed by a resolution of the Board without Shareholders' approval.

BORROWING POWER

Pursuant to and in accordance with the provisions of the Articles, the Company may exercise its borrowing power to borrow up to an aggregate principal amount representing not more than 50% of its latest available net asset value at the time the borrowing is made. Shareholders' approval at general meeting is required if the borrowing exceeds 50% of the latest net asset value at the time the borrowing is made. The Company's assets may be charged or pledged as security for borrowings. Subject to the provisions of the Memorandum, the Articles and the Investment Management Agreement, the Investment Manager may from time to time advise the Company to borrow for the purposes of providing liquidity or taking advantage of investment opportunities.

DISTRIBUTION POLICY

It is the Board's intention to distribute any excess balance by way of dividend to the extent permitted by applicable laws, the Memorandum and the Articles. Dividends will only be paid to the extent that they are covered by net income received from underlying investments. Distribution will be made annually after the annual accounts of the Company are approved by the Shareholders but interim distribution may be made from time to time to Shareholders as appear to the Board to be justified by the financial position of the Company and permissible by the Articles. Distributions will be made in Hong Kong dollars.

FOREIGN CURRENCY MANAGEMENT AND EXCHANGE CONTROL

The Group has a number of investment projects in the PRC and may be subjected to a certain degree of investment return risk. In spite of this, the Board believes that foreign exchange risks are minimal as the Group mainly uses Hong Kong dollars to carry out its business transactions. Therefore, no financial instrument was made to hedge such exposures.

TAXATION

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

FEES AND EXPENSES

The Company will pay the fees of the Investment Manager, as described below. In addition, the Company will pay certain other costs and expenses incurred in its operation, including taxes (other than Hong Kong profits tax), expenses for legal, auditing and consulting services, promotional expenses, registration fees and other expenses due to supervisory authorities in various jurisdictions, insurance, interest and brokerage cost and the cost of publishing the net assets value of the Company on a monthly basis.

Investment management fees

The Company will pay the Investment Manager monthly fee of HK\$40,000.

Save for the fees mentioned hereinabove, the Investment Manager are not entitled to receive any other fees from the Company.

INVESTMENT PORTFOLIO

The follows are the details of the ten largest investments of the Group as at 30 June 2013 and 31 December 2013, which include all listed investments and all other investments with a value of more than 5% of the Group's gross assets as at 30 June 2013 and 31 December 2013. Save for the investments disclosed herein, there are no other listed investments and all other investments with a value of more than 5% of the Company's gross assets as at 30 June 2013 and 31 December 2013.

Name of investee company	Stock Code	No of Shares held	Effective Shareholding Interest (Approximate)	Cost/carrying value up to 30 June 2013 (Approximate) HK\$'000	Market value/fair value as at 30 June 2013 (Approximate) HK\$'000	Unrealised holding gain (loss) arising on revaluation (Approximate) HK\$'000	Net asset value attributable to the Group (Approximate) HK\$'000	Profit/(Loss) attributable to the Group for the year (Approximate) HK\$'000	Dividend received/ Receivable during the year (Approximate) HK\$'000
As at 31 December 2013									
China Automotive Interior Decoration Holdings Limited	8321	51,286,000	4.45%	16,171	43,593	27,422	11,249	596	0
Heritage International Holdings Limited	0412	87,747,100	3.11%	69,736	42,996	(26,740)	40,026	(2,227)	0
U Banquet Group Holding Limited	8107	17,886,000	4.47%	18,066	37,918	19,852	2,624	992	0
Tech Pro Technology Development Limited	3823	6,768,000	0.59%	20,595	25,651	5,056	7,209	(876)	0
Kong Shum Union Property Management (Holding) Limited	8181	18,768,000	4.69%	11,797	24,774	12,977	1,187	263	0
Quidam Assets Limited	N/A	26,070	18.25%	15,267	18,506	3,239	5,874	(273)	0
China Railsmedia Corporation Limited	0745	10,000,000	0.24%	14,394	18,300	3,906	710	(216)	0
Town Health International Investments Limited	3886	5,252,000	0.57%	2,882	15,651	12,769	7,843	(2,480)	0
First Credit Finance Group Limited	8215	61,720,000	5.14%	10,117	9,813	(304)	15,240	(1,542)	0
Rising Development Holdings Limited	1004	10,000,000	0.72%	3,211	7,900	4,689	5,930	(1,544)	0
As at 30 June 2013									
Quidam Assets Limited	N/A	26,070	18.25%	15,267	18,506	3,239	5,874	(273)	0
247 Capital Limited	N/A	241,642	3.98%	19,008	15,761	(3,247)	2,010	(45)	0
Sage International Group Limited	8082	176,914,000	11.66%	65,207	17,514	(47,693)	46,943	(5,282)	0
Tech Pro Technology Development Limited	3823	5,368,000	0.49%	15,581	15,836	255	5,987	(727)	0
Town Health International Investments Limited	3886	20,000,000	2.20%	10,032	12,000	1,968	30,272	(9,570)	0
Heritage International Holdings Limited	0412	50,000,000	1.77%	62,160	8,750	(53,410)	22,780	(1,267)	0
China Automotive Interior Decoration Holdings Limited	8321	38,736,000	3.36%	5,640	8,483	2,843	8,494	450	0
Oriental Unicorn Agricultural Group Limited	8120	12,000,000	2.43%	5,401	5,340	(61)	2,092	1,446	0
Birmingham International Holdings Limited	2309	21,290,000	0.55%	4,258	3,279	(979)	(546)	(653)	0
ASR Holdings Limited	1803	3,600,000	0.45%	2,871	2,412	(459)	1,240	405	0

Based on the latest published annual reports or valuation report of the above companies, a brief description of the business and financial information of such companies is as follows:

- (a) China Automotive Interior Decoration Holdings Limited (stock code: 8321) (“**CAID**”) and its subsidiaries are principally engaged in manufacture and sale of nonwoven fabric products used in automotive interior decoration parts and others, trading of rubber, garment accessories and food products. Net profit of approximately RMB10,798,000 was recognised during the year ended 31 December 2012. As at 30 June 2013, according to the latest published financial statements of CAID, its net asset value was approximately RMB200,020,000.
- (b) Heritage International Holdings Limited (stock code: 0412) (“**HIH**”) and its subsidiaries are principally engaged in property investment, investments in securities, money lending, investment holding, Chinese medicine clinic operations and management of forestlands. Net loss of approximately HK\$71.6 million was recognised during the year ended 31 March 2013. As at 30 September 2013, according to the latest published financial statements of HIH, its net asset value was approximately HK\$1,287 million.
- (c) U Banquet Group Holding Limited (stock code: 8107) (“**U Banquet**”) and its subsidiaries are principally engaged in operating Chinese restaurants and provision of wedding related services. U Banquet was listed on the main board of the Stock Exchange on 10 December 2013. According to the prospectus of U Banquet dated 28 November 2013, profit of approximately HK\$22.2 million was recognised during the year ended 31 December 2012 and its net asset value as at 31 July 2013 was approximately HK\$58.7 million.
- (d) Tech Pro Technology Development Limited (stock code: 3823) (“**Tech Pro**”) and its subsidiaries are principally engaged in manufacture and sale LED lighting products and accessories. No dividend was received and loss of approximately RMB119.7 million during the year ended 31 December 2012. As at 30 June 2013, according to the latest published financial statements of Tech Pro, its net asset value was approximately Rmb966.8 million.
- (e) Kong Shum Union Property Management (Holding) Limited (stock code: 8181) (“**KSU**”) and its subsidiaries are principally engaged in provision of property management services. KSU was listed on the GEM of the Stock Exchange of Hong Kong Limited on 11 October 2013. According to the prospectus of KSU dated 30 September 2013, net profit of approximately HK\$5.6 million was recognised during the year ended 31 March 2013. According to its latest published financial statements, its net asset value as at 30 September 2013 was approximately HK\$25.3 million.

- (f) Quidam Assets Limited (“**Quidam**”) and its subsidiaries are principally engaged in provision of factoring and guaranty services in the PRC. Quidam is an unlisted company. For the financial year ended 31 December 2012, the unaudited consolidated loss attributable to equity holders of Quidam was approximately RMB1,205,876 (equivalent to approximately HK\$1,495,000) and its unaudited consolidated net asset value as at 31 December 2012 was approximately RMB25,956,765 (equivalent to approximately HK\$32,186,000).
- (g) China Railsmedia Corporation Limited (stock code: 0745) (“**CRC**”) and its subsidiaries are principally engaged in provision of advertising media services. Net loss of approximately HK\$89.9 million was recognised during the year ended 31 March 2013. According to the latest published financial statements of CRC, its net asset value as at 30 September 2013 was approximately HK\$296 million.
- (h) Town Health International Investments Limited (stock code: 3886) (“**THII**”) and its subsidiaries are principally engaged in the provision of healthcare and dental services, properties investment and securities trading. Net loss of approximately HK\$435.0 million was recognised during the year ended 31 December 2012. As at 30 June 2013, according to the latest published financial statements of THII, its net asset value was approximately HK\$1,376 million.
- (i) First Credit Finance Group Limited (stock code: 8215) (“**FCF**”) and its subsidiaries are principally engaged in money lending business. Net loss of approximately HK\$30.0 million was recognised during the year ended 31 December 2012. According to the latest published financial statements of FCF, its net asset value as at 30 June 2013 was approximately HK\$296.5 million.
- (j) Rising Development Holdings Limited (stock code: 1004) (“**RDH**”) and its subsidiaries are principally engaged in trading in securities, as well as trading and sales of fur garments. Net loss of approximately HK\$214.5 million was recognised during the year ended 31 March 2013. According to the latest published financial statements of RDH, its net asset value as at 30 September 2013 was approximately HK\$823.6 million.
- (k) 247 Capital Limited is principally engaged in investment holding which owns 100% equity interest in Go Markets Pty Limited which carries on the business of online trading in Australia. For the financial year ended 31 December 2012, the unaudited consolidated loss attributable to equity holders of 247 Capital Limited was approximately A\$139,000 (equivalent to approximately HK\$1,132,000) and its unaudited consolidated net asset value as at 31 December 2012 was approximately A\$6,199,000 (equivalent to approximately HK\$50,495,000).
- (l) Sage International Group Limited (stock code: 8082) (“**SIG**”) and its subsidiaries are principally engaged in sale of interments rights and related products, as well as rendering of funeral and cremation services. Net loss of approximately HK\$45.3 million was recognised during the year ended 31 December 2012. As at 30 June 2013, according to the latest published financial statements of SIG, its net asset value was approximately HK\$402.6 million.

- (m) Oriental Unicorn Agricultural Group Limited (stock code: 8120) (“**OUA**”) and its subsidiaries are principally engaged in the business of feedstock products and animal husbandry. Net profit of approximately HK\$59.5 million was recognised during the period from 1 August 2011 to 31 December 2012. As at 30 June 2013, according to the latest published financial statements of OUA, its net asset value was approximately HK\$86.1 million.

- (n) Birmingham International Holdings Limited (stock code: 2309) (“**BIH**”) and its subsidiaries are principally engaged in professional football operation, apparel sourcing and trading, entertainment and media services, and investment holdings. According to the latest published financial statements of BIH, net loss of HK\$118.8 million was recognised during the year ended 30 June 2013 and its negative net asset value as at 30 June 2013 was approximately HK\$99.3 million.

- (o) ASR Holding Limited (stock code: 1803) (“**ASR**”) and its subsidiaries are principally engaged in the provision of air freight service in the wholesale market. Net profit of approximately HK\$90.0 million was recognised during the year ended 31 December 2012. As at 30 June 2013, according to the latest published financial statements of ASR, its net asset value was approximately HK\$275.5 million.

The Group reviews the fair value of its unlisted equity investments to determine whether there is any indication that those investment has required to make provision. As at 30 June 2013 and 31 December 2013, the Group does not aware any provision should be made for those investments.

NOTICE OF EGM



CAPITAL
VC LIMITED

首都創投有限公司

Capital VC Limited 首都創投有限公司

*(Incorporated in the Cayman Islands with limited liability
and carrying on business in Hong Kong as CNI VC Limited)*

(Stock Code: 02324)

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (the “EGM”) of Capital VC Limited (the “Company”) will be held at 14/F, Fairmont House, 8 Cotton Tree Drive, Central, Hong Kong on 17 March 2014, Monday at 11:30 a.m. to consider and, if thought fit, to pass with or without amendments, the following resolution:

ORDINARY RESOLUTION

“THAT, subject to the fulfilment of the conditions in the Underwriting Agreement (as defined and more particularly described in the circular of the Company dated 27 February 2014 (“Circular”), and copies of the Underwriting Agreement and the Circular have been tabled at the meeting, marked “A” and “B” respectively and signed by the Chairman of the meeting for the purpose of identification):

- (a) the allotment and issue by way of open offer (the “Open Offer”) of not less than 605,572,096 shares and not more than 685,572,096 shares of HK\$0.001 each in the capital of the Company (the “Offer Shares”) to those shareholders of the Company whose names appear on the register of members of the Company at the close of business on a date to be fixed by the Directors (the “Record Date”), other than Excluded Shareholders (as defined in the Circular) in the proportion of four (4) Offer Shares for every one (1) existing Share (as defined in the Circular) held on the Record Date at the subscription price of HK\$0.25 per Offer Share (subject to adjustment) and on the terms and conditions as set out in the Circular, be and is hereby approved;
- (b) subject to the allotment and issue of the Offer Shares, the Directors be and are hereby authorised to create and issue warrants (“Bonus Warrants”), by way of bonus issue, to the first registered holder of the Offer Shares on the basis of one Bonus Warrant for every four Offer Shares taken up under the Open Offer entitling the holders of the Bonus Warrants to subscribe in cash up to an aggregate of HK\$42,848,256 for new shares of the Company (“Warrant Shares”) at the initial exercise price of HK\$0.25 per Warrant Share (subject to adjustments) and exercisable at any time between the issue date of the Bonus Warrant(s) and the date which is 2 years after issue date of the Bonus Warrants (or if that is not a business day, the first business day immediately preceding such date) on the terms and conditions set out in the warrant instrument (the execution copy of which has been tabled at the meeting marked “C” and signed by the Chairman of this meeting for the purpose of identification) and the warrant instrument be and is hereby approved;

NOTICE OF EGM

- (c) the Underwriting Agreement be and is hereby approved, confirmed and ratified and any Director be and is hereby authorised to do such acts or execute such other document which may be necessary, desirable or expedient in his opinion to carry into effect or to give effect to the terms of the Underwriting Agreement; and
- (d) the Directors, acting together, individually or by committee, be and are hereby authorised to allot and issue the Offer Shares, the Bonus Warrants and upon the exercise of the subscription rights attaching to the Bonus Warrants, the Warrant Shares and to take such actions, do such things and execute such further documents or deeds for and on behalf of the Company as such Directors may, in their opinion, consider necessary, desirable or expedient to carry out or give effect to any or all the transactions contemplated in this resolution and the Circular.”

By Order of the Board
Capital VC Limited
Tang Tsz Tung
Executive Director

Hong Kong, 27 February 2014

Notes:

- (1) Any shareholder of the Company entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and vote on behalf of him. A proxy need not be a shareholder of the Company.
- (2) A form of proxy for the EGM is enclosed. In order to be valid, a form of proxy, together with the power of attorney or other authority (if any) under which the form is signed, or a certified copy of such power of attorney or authority, must be deposited at the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time fixed for holding the EGM or any adjournment thereof.
- (3) Where there are joint registered holders of any share, any one of such persons may vote at the EGM, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at the EGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
- (4) Completion and delivery of the form of proxy will not preclude shareholders of the Company from attending and voting in person at the EGM or any adjourned meeting or upon the poll concerned and, in such event, the instrument appointing a proxy will be deemed to be revoked.

As at the date of this notice, the Board comprises executive directors Mr. Kong Fanpeng, Mr. Chan Cheong Yee and Mr. Tang Tsz Tung; and independent non-executive directors Mr. Lam Kwan, Mr. Ong Chi King and Mr. Lee Ming Gin.