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# THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in China Investment Fund Company Limited (the “Company”), you should at once hand the Prospectus Documents to the purchaser or transferee or to the banks, the licensed securities dealer or other agent through whom the sale or transfer effected for transmission to the purchaser(s) or the transferee(s).

A copy of each of the Prospectus Documents, having attached thereto the documents specified in the paragraph headed “Documents delivered to the Registrar of Companies” in appendix IV to this prospectus, have been registered with the Registrar of Companies in Hong Kong pursuant to section 342C of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong). Neither the Securities and Futures Commission nor the Registrar of Companies in Hong Kong takes any responsibility as to the contents of any of the Prospectus Documents.

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 the Prospectus Documents, 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 Prospectus Documents.

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中國投資

## CHINA INVESTMENT FUND COMPANY LIMITED

### 中國投資基金有限公司\*

*(Incorporated in the Cayman Islands with limited liability)*

(Stock code: 00612)

## OPEN OFFER OF 510,080,000 OFFER SHARES AT HK\$0.15 PER OFFER SHARE ON THE BASIS OF TWO OFFER SHARES FOR EVERY CONSOLIDATED SHARE HELD ON THE RECORD DATE

Underwriter to the Open Offer



Baron Capital Limited

Sub-Underwriters



寶來證券(香港)  
POLARIS SECURITIES (HONG KONG) LTD.



元富證券(香港)有限公司

MASTERLINK SECURITIES (HONG KONG) CORPORATION LIMITED

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The latest time for acceptance of and payment for the Offer Shares is 4:00 p.m. on Tuesday, 1 March 2011. The procedures for acceptance and payment and/or transfer of the Offer Shares is set out on page 16 of this prospectus.

The Existing Shares and the Consolidated Shares (as the case may be) have been dealt with on an ex-entitlement basis since 31 January 2011. Such dealings in the Existing Shares and the Consolidated Shares (as the case may be) will take place whilst the conditions to which the Open Offer is subject remain unfulfilled. A person dealing in Existing Shares and the Consolidated Shares (as the case may be) on an ex-entitlement basis will accordingly bear the risk that the Open Offer may not become unconditional or may not proceed. Shareholders contemplating any dealings in the Existing Shares and the Consolidated Shares (as the case may be) are recommended to consult with their own professional advisers if they are in any doubt.

The Underwriting Agreement (as defined herein) contains provisions entitling the Underwriter (as defined herein) by notice in writing to the Company served prior to 4:00 p.m. on Wednesday, 2 March 2011 to terminate the Underwriting Agreement on the occurrence of certain events as set out in the section headed “Termination of the Underwriting Agreement” on pages 19 to 20 of this prospectus.

If the Underwriter terminates the Underwriting Agreement, or if the conditions of the Underwriting Agreement are not fulfilled (or waived by the Underwriter) in accordance with the terms thereof, the Open Offer will not proceed. Shareholders should therefore exercise caution when dealing in the Existing Shares or the Consolidated Shares (as the case may be), and if they are in any doubt about their position, they are recommended to consult their professional advisers.

15 February 2011

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## TERMINATION OF THE UNDERWRITING AGREEMENT

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The Underwriting Agreement contains provisions entitling the Underwriter to terminate its obligations thereunder in writing on the occurrence of certain events at any time on or before 4:00 p.m. on the Settlement Date, if, in the reasonable opinion of the Underwriter:

- (a) the success of the Open Offer would be affected by:
  - (i) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or
  - (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national and international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes inexpedient or inadvisable to proceed with the Open Offer; or
  - (iii) any material adverse change in the financial position of the Group as a whole; or
  - (iv) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic or threatened epidemic, terrorism, strike or lock-out; or
- (b) any material adverse change in market conditions (including without limitation, a change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or restriction of trading in securities) occurs which in the reasonable opinion of the Underwriter is likely to materially and adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (c) this prospectus when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date of the Underwriting Agreement been publicly announced or published by the Company and which may in the reasonable opinion of the Underwriter be material to the Group as a whole and is likely to affect the success of the Open Offer or might cause a prudent investor not to apply in full for its assured allotment of the Offer Shares under the Open Offer; or

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## TERMINATION OF THE UNDERWRITING AGREEMENT

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In addition, the Underwriter shall be entitled by notice in writing to the Company, served prior to 4:00 p.m. on the second Business Day after the Latest Time for Acceptance to terminate the Underwriting Agreement if:

- (a) the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed to be assumed by it under the Underwriting Agreement which breach or omission will have a material and adverse effect on its financial position as a whole; or
- (b) the Underwriter shall either receive the relevant notification under the Underwriting Agreement or otherwise become aware of, the fact that any of the representations or warranties contained in the Underwriting Agreement was, when given, untrue or inaccurate or would be untrue or inaccurate if repeated as provided in the Underwriting Agreement, and the Underwriter shall, in its reasonable opinion, determine that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial position of the Group taken as a whole or is otherwise likely to have a materially prejudicial effect on the Open Offer; or
- (c) the Company shall, after any matter or event referred to in the Underwriting Agreement has occurred or come to the Underwriter's attention, fail promptly to send out any announcement or circular (after the despatch of the Prospectus Documents), in such manner (and as appropriate with such contents) as the Underwriter may reasonably request for the purpose of preventing the creation of a false market in the securities of the Company.

### **Conditions of the Underwriting Agreement and the Open Offer**

The Underwriting Agreement and the Open Offer are conditional upon, among other things, the fulfillment of the following conditions:

- (i) the passing at the EGM (or any adjournment thereof) of resolutions to approve the Capital Reorganisation and the Open Offer in accordance with the Listing Rules;
- (ii) the signing by or on behalf of all of the Directors on or before the Prospectus Posting Date of two copies of each of the Prospectus Documents;
- (iii) the delivery on or before the Prospectus Posting Date of one such signed copy of each of the Prospectus Documents to the Underwriter;
- (iv) the delivery to the Stock Exchange and the registration with the Registrar of Companies in Hong Kong respectively on or prior to the Prospectus Posting Date of one copy of each of the Prospectus Documents each duly certified by the Directors in compliance with section 342C(1) of the Companies Ordinance and otherwise complying with the requirements of the Companies Ordinance and the Listing Rules;
- (v) the posting on the Prospectus Posting Date of copies of the Prospectus Documents to the Qualifying Shareholders;

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## TERMINATION OF THE UNDERWRITING AGREEMENT

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- (vi) compliance by the Company with all its obligations under the Underwriting Agreement;
- (vii) compliance by Harvest Capital and Joint Talent with all their respective obligations under the relevant undertaking letter in accordance with the terms thereof;
- (viii) the Listing Committee of the Stock Exchange (a) agreeing to grant listing of, and permission to deal in, the Offer Shares either unconditionally or subject to conditions which the Company and the Underwriter accept and the satisfaction of such conditions (if any) by no later than the Prospectus Posting Date and (b) not having withdrawn or revoked such listing and permission on or before 4:00 p.m. on the Settlement Date; and
- (ix) the Capital Reorganisation becoming effective in all respects in accordance with the Companies Law on or before the Prospectus Posting Date.

In the event that the above conditions are not satisfied on or before the respective dates referred to above (or such other date as may be agreed between the Underwriter and the Company), the Underwriting Agreement shall terminate and all obligations and liabilities of the parties thereunder shall cease and determine and no party shall have any claim against the others (save for any antecedent breaches thereof).

As at the Latest Practicable Date, conditions (i), (viii) and (ix) above have been fulfilled.

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## DEFINITIONS

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

“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“Announcement”	the announcement of the Company dated 15 December 2010 relating to, amongst other things, the proposed Capital Reorganisation, the Change of Board Lot Size and the Open Offer
“Application Form(s)”	the application form(s) for use by the Qualifying Shareholders to apply for the Offer Shares
“Articles”	the articles of association of the Company
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Baron Capital”	Baron Capital Limited, a corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and the Underwriter
“Board”	board of Directors
“Business Day”	any day (other than a Saturday, Sunday or public holidays) on which banks are open for business
“Capital Increase”	the increase of authorised share capital of the Company from HK\$30,000,000 divided into 3,000,000,000 Existing Shares to HK\$200,000,000 divided into 4,000,000,000 Consolidated Shares approved by the Shareholders at the EGM
“Capital Reorganisation”	collectively, the Capital Increase and the Share Consolidation
“CCASS”	the Central Clearing and Settlement System, established and operated by HKSCC
“Circular”	the circular of the Company dated 19 January 2011 relating to, inter alia, the Capital Reorganisation, Change of Board Lot Size and the Open Offer
“Change of Board Lot Size”	the change of board lot size for trading in the shares of the Company from 4,000 Existing Shares to 8,000 Consolidated Shares upon the Share Consolidation becoming effective

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## DEFINITIONS

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“Companies Ordinance”	Companies Ordinance, Chapter 32 of the Laws of Hong Kong (as amended from time to time)
“Company”	China Investment Fund Company Limited, a limited liability company incorporated in the Cayman Islands, whose shares are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Consolidated Share(s)”	ordinary share(s) of HK\$0.05 each in the capital of the Company after the Share Consolidation becoming effective
“Director(s)”	Director(s), including the independent non-executive director(s), of the Company
“EGM”	the extraordinary general meeting of the Company held on 8 February 2011 at which, the Capital Reorganisation and the Open Offer were approved by the Independent Shareholders
“Excluded Shareholder(s)”	the Overseas Shareholders whom the Directors, after making enquiries, consider it necessary or expedient on account either of legal restriction under the laws of the relevant overseas places or the requirements of the relevant regulatory body or stock exchange in those places not to offer the Offer Shares to them
“Existing Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company, before the implementation of the Share Consolidation
“Group”	the Company and its subsidiaries
“Harvest Capital”	Harvest Capital Global Enterprises Ltd., a company incorporated in the British Virgin Islands with limited liability, and is wholly and indirectly owned by Ms. Letty Wan and a substantial shareholder of the Company and one of the Sub-underwriters
“Harvest Capital Sub-underwriting Letter”	the sub-underwriting letter dated 2 December 2010 (as amended by two supplemental sub-underwriting letters dated 10 December 2010 and 21 December 2010 respectively) signed between Baron Capital and Harvest Capital in respect of the sub-underwriting of not less than 62,499,796 Offer Shares and not more than 93,450,796 Offer Shares, details of which are set out in the paragraph headed “Sub-underwriting Letters” under the section headed “Underwriting arrangements” of this prospectus

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## DEFINITIONS

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“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Shareholder(s)”	Shareholder(s) other than Harvest Capital
“Independent Third Party(ies)”	independent third party(ies) who is (are) not connected person(s) of the Company and is (are) independent of the Company and the connected person of the Company
“Investment Manager”	Baron Asset Management Limited, a company incorporated in Hong Kong with limited liability and the investment manager of the Company
“Joint Talent”	Joint Talent Investments Limited, a company incorporated in the British Virgin Islands with limited liability, and is ultimately wholly-owned by Mr. Lam Kwing Wai, Alvin Leslie
“June 2010 Options”	the outstanding options granted on 22 June 2010 by the Company to the holders thereof to subscribe up to a maximum of 12,000,000 new Existing Shares as at the Latest Practicable Date
“Last Trading Day”	2 December 2010, being the last trading day prior to the suspension of trading in the Existing Shares from 9:30 a.m. on 3 December 2010 pending the issue of the Announcement
“Latest Practicable Date”	10 February 2011, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information contained herein
“Latest Time for Acceptance”	4:00 p.m. on 1 March 2011 or such other time or date as may be agreed between the Company and the Underwriter, being the latest time for acceptance of, and payment for the Offer Shares as described in this prospectus
“Latest Time for Termination”	4:00 p.m. on 2 March 2011 or such other time as may be agreed between the Company and the Underwriter, being the latest time to terminate the Underwriting Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“May 2009 Options”	the options granted on 12 May 2009 by the Company to the holders which have been exercised in full as at the Latest Practicable Date

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## DEFINITIONS

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“Masterlink”	Masterlink Securities (Hong Kong) Corporation Limited, a corporation licensed to carry on Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO and a Sub-underwriter under the Masterlink Sub-underwriting Letter. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, Masterlink and its ultimate beneficial owners are Independent Third Parties
“Masterlink Sub-underwriting Letter”	the sub-underwriting letter dated 14 December 2010 signed between Baron Capital and Masterlink in respect of the sub-underwriting of 115,000,000 Offer Shares, details of which are set out in the paragraph headed “Sub-underwriting Letters” under the section headed “Underwriting arrangements” of this prospectus
“Mr. Joseph Wan”	Mr. Wan Chuen Chung, Joseph, the beneficial owner of Baron Capital and the father of Ms. Letty Wan
“Ms. Letty Wan”	Ms. Wan Ho Yan Letty, the beneficial owner of Harvest Capital, and a connected person of the Company
“Offer Shares”	510,080,000 Consolidated Shares to be offered to the Qualifying Shareholders for subscription pursuant to the Open Offer
“Open Offer”	the proposed offer by way of open offer of the Offer Shares at the Subscription Price on the basis of an assured allotment for the Qualifying Shareholders of two Offer Shares for every Consolidated Share held on the Record Date on the terms to be set out in the Prospectus Documents and as described in this prospectus
“Options”	collectively, the May 2009 Options and the June 2010 Options
“Overseas Letter”	a letter from the Company to the Excluded Shareholders explaining the circumstances in which the Excluded Shareholders are not eligible to participate in the Open Offer
“Overseas Shareholders”	the Shareholders whose addresses on the register of members of the Company as at the close of business on the Record Date are outside Hong Kong

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## DEFINITIONS

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“Polaris”	Polaris Securities (Hong Kong) Limited, a corporation licensed to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 3 (leveraged foreign exchange trading), Type 4 (advising on securities), Type 5 (advising on futures contract), Type 6 (advising on corporation finance) and Type 9 (asset management) regulated activities under the SFO and a Sub-underwriter under the Polaris Sub-underwriting Letter. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, Polaris and its ultimate beneficial owners are Independent Third Parties
“Polaris Sub-underwriting Letter”	the sub-underwriting letter dated 2 December 2010 (as amended by a supplemental sub-underwriting letter dated 10 December 2010) signed between Baron Capital and Polaris, in respect of those Offer Shares not taken up by the Qualifying Shareholders, Polaris would take up not less than 114,176,800 Offer Shares and not more than 152,025,800 Offer Shares, details of which are set out in the paragraph headed “Sub-underwriting Letters” under the section headed “Underwriting arrangements” of this prospectus
“PRC”	the People’s Republic of China (and for the purpose of this prospectus, excluding Hong Kong, the Macau Special Administrative Region and Taiwan)
“Prospectus Documents”	this prospectus and the Application Form in respect of the assured allotment of the Offer Shares
“Prospectus Posting Date”	15 February 2011, or such other date as may be agreed between the Company and the Underwriter, being the date for the despatch of the Prospectus Documents to the Qualifying Shareholders and this prospectus, for information only, and the Overseas Letter to the Excluded Shareholders
“Qualifying Shareholders”	the Shareholders, other than the Excluded Shareholders, whose names appear on the register of members of the Company at the close of business on the Record Date
“Record Date”	8 February 2011, or such other date as may be agreed between the Company and the Underwriter, being the date for the determination of the entitlements of the Qualifying Shareholders under the Open Offer
“Registrar”	Tricor Standard Limited, the branch share registrar of the Company in Hong Kong whose address is at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong

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## DEFINITIONS

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“Settlement Date”	the second Business Day following the Latest Time for Acceptance or such other date as the Underwriter may agree in writing with the Company, which is expected to be on or around 2 March 2011
“SFC”	The Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Consolidation”	the consolidation of every five issued and unissued Existing Shares into one Consolidated Share
“Shareholder(s)”	the holder(s) of the Existing Share(s) or Consolidated Share(s) (as the case may be)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sub-underwriter(s)”	collectively, Harvest Capital, Polaris and Masterlink
“Sub-underwriting Letters”	collectively, the Harvest Capital Sub-underwriting Letter, the Polaris Sub-underwriting Letter and the Masterlink Sub-underwriting Letter
“Subscription Price”	the subscription price of HK\$0.15 per Offer Share pursuant to the Open Offer
“substantial shareholder”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Underwriter”	Baron Capital
“Underwriting Agreement”	the underwriting agreement dated 2 December 2010 (as amended by a supplemental agreement dated 10 December 2010) entered into between the Underwriter and the Company in relation to the underwriting of the Open Offer
“Underwritten Shares”	all the Offer Shares, being an aggregate of 335,676,596 Offer Shares (being the total number of 510,080,000 Offer Shares less (i) 92,112,204 Offer Shares undertaken to be taken up by Harvest Capital and less (ii) 82,291,200 Offer Shares undertaken to be taken up by Joint Talent as described under the paragraph headed “Undertaking by the substantial shareholders” of this prospectus

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## DEFINITIONS

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“C\$”	Canadian dollars, the lawful currency of Canada
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States
“%”	per cent

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## EXPECTED TIMETABLE

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*The expected timetable for the Capital Reorganisation and the Open Offer is set out below:*

2011

Effective date of the Share Consolidation .....	Tuesday, 15 February
Despatch of the Prospectus Documents to the Qualifying Shareholders and the Overseas Letter together with this prospectus, for information only, to the Excluded Shareholders .....	Tuesday, 15 February
Commencement of dealings in the Consolidated Shares .....	Tuesday, 15 February
Original counter for trading in the Existing Shares in existing share certificates in board lots of 4,000 Existing Shares temporarily closes .....	9:30 a.m., Tuesday, 15 February
Temporary counter for trading in board lots of 800 Consolidated Shares (in the form of existing share certificates) opens .....	9:30 a.m., Tuesday, 15 February
First day of free exchange of certificates for the Existing Shares for new certificates for the Consolidated Shares .....	Tuesday, 15 February
Original counter for trading in the Consolidated Shares in board lots of 8,000 Consolidated Shares (only new certificates for the Consolidated Shares can be traded at this counter) re-opens .....	9:30 a.m., Tuesday, 1 March
Parallel trading in the Consolidated Shares (in the form of new and existing certificates) commences .....	9:30 a.m., Tuesday, 1 March
Designated broker starts to stand in the market to provide matching service .....	Tuesday, 1 March
Latest time for the payment for and acceptance of the Offer Shares .....	4:00 p.m., Tuesday, 1 March
Latest time and date for the Open Offer to become unconditional .....	4:00 p.m., Wednesday, 2 March

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## EXPECTED TIMETABLE

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Announcement of the results of the Open Offer .....	Friday, 11 March
Despatch of share certificates for the Offer Shares .....	Monday, 14 March
Commencement of the dealings of the Offer Shares .....	Wednesday, 16 March
Temporary counter for trading in board lots of 800 Consolidated Shares (in the form of existing share certificates) closes .....	4:00 p.m., Monday, 21 March
Parallel trading in the Consolidated Shares (in the form of new and existing certificates) ends .....	4:00 p.m., Monday, 21 March
Designated broker ceases to stand in the market to provide matching services for the sale and purchase of odd lots of the Consolidated Shares .....	4:00 p.m., Monday, 21 March
Last day of free exchange of certificates for the Existing Shares for new certificates for the Consolidated Shares .....	Wednesday, 23 March

All times stated above refer to Hong Kong times. Dates or deadlines specified are indicative purpose only and may be extended or varied by agreement between the Company and the Underwriter. Any consequential changes to the expected timetable for the Open Offer will be published or notified to the Shareholders as and when appropriate.

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## **EXPECTED TIMETABLE**

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

The Latest Time for Acceptance will not take place if there is:

- (a) a tropical cyclone warning signal number 8 or above; or
- (b) a “black” rainstorm warning
  - (i) in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on 1 March 2011. Instead the Latest Time for Acceptance will be extended to 5:00 p.m. on the same Business Day; or
  - (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on 1 March 2011. Instead the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance does not take place on 1 March 2011, the dates mentioned in the section headed “Expected Timetable” in this prospectus may be affected. Any consequential changes to the expected timetable for the Open Offer will be published or notified to the Shareholders as and when appropriate.

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## LETTER FROM THE BOARD

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中 國 投 資

### CHINA INVESTMENT FUND COMPANY LIMITED

### 中國投資基金有限公司\*

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 00612)**

*Executive Directors:*

Mr. William Robert Majcher, *Chairman*

Mr. Wan Chuen Hing, Alexander, *Managing Director*

*Independent Non-executive Directors:*

Mr. Cheng Wing Keung, Raymond

Mr. Yeung Chun Yue, David

Mr. Siu Hi Lam, Alick

*Registered Office:*

Cricket Square

Hutchins Drive

P.O Box 268

Grand Cayman KY1-1111

Cayman Islands

*Head office and principal place of  
business in Hong Kong:*

4th Floor, Aon China Building

29 Queen's Road Central

Central, Hong Kong

15 February 2011

*To the Shareholders*

Dear Sir or Madam,

**OPEN OFFER OF 510,080,000 OFFER SHARES AT HK\$0.15 PER  
OFFER SHARE ON THE BASIS OF TWO OFFER SHARES FOR EVERY  
CONSOLIDATED SHARE HELD ON THE RECORD DATE**

#### INTRODUCTION

On 15 December 2010, the Company announced that subject to the Capital Reorganisation becoming effective, the Company proposed to raise not less than HK\$66,912,000 and not more than HK\$77,232,000, before expenses, by issuing not less than 446,080,000 Offer Shares and not more than 514,880,000 Offer Shares at the subscription price of HK\$0.15 per Offer Share by way of the Open Offer on the basis of two Offer Shares for every Consolidated Share held by the Qualifying Shareholders on the Record Date and payable in full upon acceptance.

On 28 January 2011, the subscription rights attaching to the May 2009 Options were exercised in full, and the subscription rights in respect of 100,000,000 Existing Shares attaching to the June 2010 Options were exercised, respectively, on 26 January 2011 and 31 January 2011, pursuant to which a total of 160,000,000 Existing Shares were allotted and issued.

\* For identification purposes only

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## LETTER FROM THE BOARD

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The Capital Reorganisation and the Open Offer were approved by the Independent Shareholders by way of poll at the EGM. Accordingly, as at the Latest Practicable Date, the issued share capital of the Company comprised 1,275,200,000 Existing Shares (or 255,040,000 Consolidated Shares upon the Share Consolidation becoming effective). There has been no voting trust or other agreement or arrangement or understanding entered into by or binding upon any Shareholders, and no obligation or entitlement of any Shareholders whereby any one of them has or may temporarily or permanently passed control over the exercise of the voting right in respect of their respective interest in the Company to a third party either generally or on a case-by-case basis.

The purpose of this prospectus is to provide you, among others, further details regarding the Open Offer.

### OPEN OFFER

#### Issue statistics

Basis of the Open Offer	:	Two Offer Shares for every Consolidated Share held by Qualifying Shareholders on the Record Date
Subscription Price upon acceptance	:	HK\$0.15 per Offer Share payable in full upon acceptance
Number of Existing Shares	:	1,275,200,000 Existing Shares in issue as at the Latest Practicable Date
Number of Consolidated Shares	:	255,040,000 Consolidated Shares in issue upon the Share Consolidation becoming effective
Number of shares to be issued upon full exercise of the remaining subscription rights attached to the Options	:	12,000,000 Existing Shares (or 2,400,000 Consolidated Shares upon the Share Consolidation becoming effective)
Number of Offer Shares	:	510,080,000 Consolidated Shares
Underwriter	:	Baron Capital
Sub-underwriters	:	Harvest Capital, Polaris and Masterlink

The aggregate number of the Offer Shares to be issued pursuant to the terms of the Open Offer represents 200% of the Company's issued share capital as at the Latest Practicable Date and approximately 66.67% of the enlarged issued share capital of the Company immediately upon completion of the Open Offer.

The Underwriter has agreed to fully underwrite the Underwritten Shares, who has in turn entered into the Sub-underwriting Letters with the Sub-underwriters in respect of the sub-underwriting arrangement of the Offer Shares, on the terms and subject to the conditions set out in the Underwriting Agreement.

As at the date of the Circular, there were remaining outstanding (i) the May 2009 Options granted pursuant to the option agreement dated 12 May 2009 entered into between the Company and Mega Regent Holdings Limited which entitle the holder(s) thereof to subscribe for 60,000,000 new Existing Shares at HK\$0.106 per Existing Share (subject to adjustments) during a period of 24 months

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## LETTER FROM THE BOARD

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commencing from 12 May 2009 and (ii) the June 2010 Options granted pursuant to the placing agreement dated 22 June 2010 entered into between the Company and Baron Capital which entitle the holder(s) thereof to subscribe for 112,000,000 new Existing Shares at HK\$0.125 per Existing Share (subject to adjustments) during a period of 24 months commencing from 22 June 2010.

On 28 January 2011, the subscription rights attaching to the May 2009 Options were exercised in full, and the subscription rights in respect of 100,000,000 Existing Shares attaching to the June 2010 Options were exercised, respectively, on 26 January 2011 and 31 January 2011, pursuant to which a total of 160,000,000 Existing Shares were allotted and issued. Accordingly, the number of Existing Shares in issue has been increased from 1,115,200,000 Existing Shares as at the date of the Circular to 1,275,200,000 Existing Shares as at the Latest Practicable Date.

As at the Latest Practicable Date, there were remaining outstanding the June 2010 Options granted pursuant to the placing agreement dated 22 June 2010 entered into between the Company and Baron Capital which entitle the holder(s) thereof to subscribe for 12,000,000 new Existing Shares at HK\$0.125 per Existing Share (subject to adjustments) during a period of 24 months commencing from 22 June 2010.

To exercise the June 2010 Options, the subscribers shall notify the Company in writing by issuing a call notice at any time during the option period and shall specify in the call notice the number of the subscription shares to be subscribed for, the aggregate subscription price payable for such subscription shares after setting off against the relevant part of deposit. The June 2010 Options may be exercised in whole or in part in relation to all (or part of) the subscription shares provided that the subscription shares subject to the call notice shall be 5,000,000 Existing Shares or an integral multiple thereof provided further that where the number of the remaining subscription shares to be subscribed for is less than 5,000,000, the call notice shall relate to the entire number of such subscription shares.

Save for the June 2010 Options, there were no outstanding options, warrants, derivatives or convertible securities which may confer any right to the holder thereof to subscribe for, convert or exchange into new Existing Shares as at the Latest Practicable Date.

### **Undertaking by the substantial shareholders**

As at the Latest Practicable Date, Harvest Capital was interested in 230,280,511 Existing Shares (or 46,056,102 Consolidated Shares upon the Share Consolidation becoming effective), representing approximately 18.06% of the existing issued share capital of the Company and was a substantial shareholder of the Company. Harvest Capital has irrevocably undertaken to the Company that it will subscribe for the 92,112,204 Offer Shares to which Harvest Capital is entitled pursuant to the Open Offer.

As at the Latest Practicable Date, Joint Talent was interested in 205,728,000 Existing Shares (or 41,145,600 Consolidated Shares upon the Share Consolidation becoming effective), representing approximately 16.13% of the existing issued share capital of the Company and was a substantial shareholder of the Company. Joint Talent has irrevocably undertaken to the Company that it will subscribe for the 82,291,200 Offer Shares to which Joint Talent is entitled pursuant to the Open Offer.

The remaining Offer Shares not taken up by the Qualifying Shareholders are fully underwritten by the Underwriter pursuant to the Underwriting Agreement or the Sub-underwriters pursuant to the Sub-underwriting Letters (as the case may be).

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## LETTER FROM THE BOARD

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### Qualifying Shareholders

The Open Offer is only available for the Qualifying Shareholders. The Company has sent the Prospectus Documents to the Qualifying Shareholders and this prospectus, for information only, and the Overseas Letter to the Excluded Shareholders, if any. To qualify for the Open Offer, the Shareholder must at the close of business on the Record Date:

- (i) be registered as a member of the Company; and
- (ii) not be an Excluded Shareholder.

In order to be registered as members of the Company on the Record Date, Shareholders must lodge any transfer of Shares (with the relevant share certificates) for registration with the Registrar at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong by 4:00 p.m. on Wednesday, 2 February 2011.

The invitation to subscribe for the Offer Shares to be made to the Qualifying Shareholders will not be transferable or capable of renunciation. There will not be any trading in nil-paid entitlements of the Offer Shares on the Stock Exchange and the Qualifying Shareholders will not be entitled to subscribe for any Offer Shares in excess of their respective assured entitlements. 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 be taken up by the Underwriter or the Sub-underwriters (as the case may be).

### Subscription Price

The Subscription Price of HK\$0.15 per Offer Share, payable in full upon acceptance. The Subscription Price represents:

- (i) a discount of approximately 53.1% to the closing price of HK\$0.32 per Consolidated Share (or HK\$0.064 per Existing Share) as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 76.0% to the closing price of HK\$0.625 per Consolidated Share (or HK\$0.125 per Existing Share) as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 75.8% to the average closing price of HK\$0.62 per Consolidated Share (or HK\$0.124 per Existing Share) as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 76.0% to the average closing price of approximately HK\$0.625 per Consolidated Share (or HK\$0.125 per Existing Share) as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day;
- (v) a discount of approximately 51.3% to the theoretical ex-entitlement price of approximately HK\$0.308 per Consolidated Share (or HK\$0.061 per Existing Share) based on the closing price of HK\$0.125 per Existing Share (or HK\$0.625 per Consolidated Share) as quoted on the Stock Exchange on the Last Trading Day; and
- (vi) a discount of approximately 72.7% to the audited consolidated net asset value of the Company of approximately HK\$0.55 per Consolidated Share (or HK\$0.11 per Existing Share) as at 31 December 2009.

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## LETTER FROM THE BOARD

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The Subscription Price was arrived at after arm's length negotiations between the Company and the Underwriter and after having taken into account the recent price performance and the liquidity of the Existing Shares. The Directors consider that the terms of the Open Offer are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **Status of the Offer Shares**

The Offer Shares (when fully paid and issued) will rank pari passu in all respects with the Consolidated Shares in issue on the date of allotment and issue of the Offer Shares. Holders of the Offer Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Offer Shares.

### **Fractions of the Offer Shares**

Fractional entitlements to the Offer Shares will not be issued but will be aggregated and taken up by the Underwriter or the Sub-Underwriters (as the case may be).

### **Certificates of the Offer Shares**

Subject to the fulfillment of the conditions of the Open Offer, share certificates for the Offer Shares are expected to be posted by 14 March 2011 to those Shareholders entitled thereto by ordinary post at their own risks. One share certificate will be issued for the Offer Shares allotted to the applicant.

### **Rights of the Excluded Shareholders**

If, at the close of business on the Record Date, a Shareholder's address on the register of members of the Company is in a place outside Hong Kong, that Shareholder may not be eligible to take part in the Open Offer as the Prospectus Documents are not expected to be registered and/or filed under the applicable securities legislation of any jurisdictions other than Hong Kong. The Board will make enquiries as to whether the issue of the Offer Shares to the Overseas Shareholder would contravene the applicable securities legislation of the relevant overseas places or the requirements of the relevant regulatory bodies or stock exchange pursuant to Rule 13.36(2)(a) of the Listing Rules. 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 requirements of the relevant regulatory body or stock exchange in that place, not to offer the Offer Shares to such Overseas Shareholder, such Overseas Shareholder will be considered as an Excluded Shareholder and no issue of the Offer Shares will be made to him. The results of the enquiries and the basis of exclusion of the Excluded Shareholders, if any, will be included in this prospectus. As at the Latest Practicable Date, based on the information currently available to the Company, the Board was not aware of any Shareholder whose registered address is in a place outside Hong Kong.

The Company will send the Overseas Letter together with this prospectus, for information only, to the Excluded Shareholders and will not send the Application Form in respect of the assured allotment of the Offer Shares to the Excluded Shareholders.

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## LETTER FROM THE BOARD

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### **No application for excess Offer Shares**

After arm's length negotiation with the Underwriter, and considering that the related administration costs would be lower in the absence of excess applications, the Company decided that the Qualifying Shareholders are not entitled to apply for any Offer Shares which are in excess of their assured entitlements. Any Offer Shares not taken up by the Qualifying Shareholders will be taken up by the Underwriter or the Sub-underwriters (as the case may be).

### **Procedures for acceptance of, and payment for, the Offer Shares**

An Application Form is enclosed with this prospectus which entitles you to apply for the number of Offer Shares available to you on an assured basis subject to payment in full on acceptance by not later than 4:00 p.m. on Tuesday, 1 March 2011. Qualifying Shareholders should note that they may apply for the number of Offer Shares equal to or less than the number set out in the Application Form. If you are a Qualifying Shareholder and you wish to apply for any number of Offer Shares in your assured allotment of Offer Shares to which you are entitled as specified in the enclosed Application Form, you must complete, sign and lodge the Application Form in accordance with the instructions printed thereon, together with remittance for the full amount payable on acceptance in respect of such number of Offer Shares you have applied for with the Company's branch share registrar in Hong Kong, Tricor Standard Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong by not later than 4:00 p.m. on Tuesday, 1 March 2011. All remittances must be made in Hong Kong dollars. Cheques must be drawn on an account with, or cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to "CHINA INVESTMENT FUND COMPANY LIMITED — OPEN OFFER ACCOUNT" and crossed "ACCOUNT PAYEE ONLY".

It should be noted that unless the duly completed and signed Application Form, together with the appropriate remittance, have been lodged with the Company's branch share registrar in Hong Kong, Tricor Standard Limited, by not later than 4:00 p.m. on Tuesday, 1 March 2011, the assured entitlement and all rights thereunder will be deemed to have been declined and will be cancelled.

The Application Form contains full information regarding the procedures to be followed if you wish to apply for a number of Offer Shares different from your assured entitlement.

All cheques or cashier's orders will be presented for payment upon receipt and all interests earned on such monies (if any) will be retained for the benefit of the Company. Any application in respect of which the cheque or cashier's orders is dishonoured on first presentation is liable to be rejected, and in that event the assured entitlement and all rights thereunder will be deemed to have been declined and will be cancelled.

The Application Form is for use only by the person(s) named therein and is not transferable.

No receipt will be issued in respect of any application monies received.

### **Application for listing**

The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Offer Shares. The Offer Shares are expected to be traded in board lots of 8,000 Consolidated Shares.

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## LETTER FROM THE BOARD

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Subject to the granting of listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer 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 on the Stock Exchange or such other date 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.

Dealings in the Offer Shares will be subject to the payment of stamp duty in Hong Kong, Stock Exchange trading fees, SFC transaction levy and other applicable fees and charges in Hong Kong.

### UNDERWRITING ARRANGEMENTS

#### Underwriting Agreement

Date	:	2 December 2010 (as supplemented by a supplemented by a supplemental agreement dated 10 December 2010)
Underwriter	:	Baron Capital
Number of Underwritten Shares	:	335,676,596 Offer Shares (being the total number of 510,080,000 Offer Shares less (i) 92,112,204 Offer Shares undertaken to be taken up by Harvest Capital and (ii) 82,291,200 Offer Shares undertaken to be taken up by Joint Talent as described under the paragraph headed “Undertaking by the substantial shareholders” of this prospectus)
Commission	:	2.5% of the aggregate Subscription Price in respect of the number of Offer Shares underwritten by the Underwriter
Undertaking by the Underwriter	:	The Underwriter has undertaken to the Company under the Underwriting Agreement that if there is an indication that the shareholding of the Company held by the public Shareholders will become less than 25% of the then issued share capital of the Company upon completion of the Open Offer, the Underwriter shall procure subscribers (who are (i) third parties independent of and not connected with the Company and (ii) not parties acting in concert with any connected persons of the Company and their respective associates) to subscribe or procure places to place down the Offer Shares which have been taken up by it to maintain or restore the minimum public float requirement of the Company in compliance with the Listing Rules

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## LETTER FROM THE BOARD

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The 2.5% commission payable to the Underwriter was determined after arm's length negotiations between the Company and the Underwriter with reference to the prevailing market rate. The Directors consider that the commission is fair and reasonable and is on normal commercial terms.

### Sub-underwriting Letters

On 2 December 2010, Baron Capital and the Sub-underwriters entered into the Sub-underwriting Letters (and in respect of the Harvest Capital Sub-underwriting Letter and the Polaris Sub-underwriting Letter, as amended by supplemental sub-underwriting letters between Baron Capital and Polaris dated 10 December 2010 and between Baron Capital and Harvest Capital dated 10 December 2010 and 21 December 2010 respectively). Pursuant to the Polaris Sub-underwriting Letter, in respect of those Offer Shares not taken up by the Qualifying Shareholders, Polaris would take up not less than 114,176,800 Offer Shares and not more than 152,025,800 Offer Shares, representing not less than approximately 17.06% and not more than approximately 19.68% of the issued share capital of the Company immediately upon completion of the Open Offer. Pursuant to the Masterlink Sub-underwriting Letter, Masterlink would take up not less than 115,000,000 Offer Shares, representing not less than approximately 14.89% and not more than approximately 17.19% of the issued share capital of the Company immediately upon completion of the Open Offer. Pursuant to the Harvest Capital Sub-underwriting Letter, Harvest Capital would take up not less than 62,499,796 Offer Shares and not more than 93,450,796 Offer Shares, representing the remaining Offer Shares not underwritten by Polaris and Masterlink. Baron Capital, Masterlink and Polaris are financial institutions whose ordinary course of business includes underwriting. Harvest Capital is an investment holdings company and is wholly and indirectly owned by Ms. Letty Wan and a substantial shareholder of the Company.

The Open Offer is fully underwritten. The Sub-underwriters have agreed to fully underwrite 335,676,596 Underwritten Shares in the following proportion (which was agreed after arm's length negotiation among the Company, Underwriter and the Sub-underwriters).

<b>Allotment basis</b>	<b>Sub-underwriters</b>	<b>Approximate percentage of the Underwritten Shares</b>	<b>Number of Offer Shares underwritten</b>
Priority-in full	Harvest Capital	27.20%	91,299,999
Second-remaining	Polaris	38.54%	129,376,597
Third-remaining	Masterlink	34.26%	115,000,000
	Total	<u>100.00%</u>	<u>335,676,596</u>

The Underwriter may make their own arrangement and additional allotment basis with the Sub-underwriters for sub-underwriting of all or any part of the Underwritten Shares if necessary.

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## LETTER FROM THE BOARD

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### Termination of the Underwriting Agreement

The Underwriting Agreement contains provisions entitling the Underwriter to terminate its obligations thereunder in writing on the occurrence of certain events at any time on or before 4:00 p.m. on the Settlement Date, if, in the reasonable opinion of the Underwriter:

- (a) the success of the Open Offer would be affected by:
  - (i) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or
  - (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national and international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes inexpedient or inadvisable to proceed with the Open Offer; or
  - (iii) any material adverse change in the financial position of the Group as a whole; or
  - (iv) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic or threatened epidemic, terrorism, strike or lock-out; or
- (b) any material adverse change in market conditions (including without limitation, a change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or restriction of trading in securities) occurs which in the reasonable opinion of the Underwriter is likely to materially and adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (c) this prospectus when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date of the Underwriting Agreement been publicly announced or published by the Company and which may in the reasonable opinion of the Underwriter be material to the Group as a whole and is likely to affect the success of the Open Offer or might cause a prudent investor not to apply in full for its assured allotment of the Offer Shares under the Open Offer; or

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## LETTER FROM THE BOARD

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In addition, the Underwriter shall be entitled by notice in writing to the Company, served prior to 4:00 p.m. on the second Business Day after the Latest Time for Acceptance to terminate the Underwriting Agreement if:

- (a) the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed to be assumed by it under the Underwriting Agreement which breach or omission will have a material and adverse effect on its financial position as a whole; or
- (b) the Underwriter shall either receive the relevant notification under the Underwriting Agreement or otherwise become aware of, the fact that any of the representations or warranties contained in the Underwriting Agreement was, when given, untrue or inaccurate or would be untrue or inaccurate if repeated as provided in the Underwriting Agreement, and the Underwriter shall, in its reasonable opinion, determine that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial position of the Group taken as a whole or is otherwise likely to have a materially prejudicial effect on the Open Offer; or
- (c) the Company shall, after any matter or event referred to in the Underwriting Agreement has occurred or come to the Underwriter's attention, fail promptly to send out any announcement or circular (after the despatch of the Prospectus Documents), in such manner (and as appropriate with such contents) as the Underwriter may reasonably request for the purpose of preventing the creation of a false market in the securities of the Company.

### **Conditions of the Underwriting Agreement and the Open Offer**

The Underwriting Agreement and the Open Offer are conditional upon, among other things, the fulfillment of the following conditions:

- (i) the passing at the EGM (or any adjournment thereof) of resolutions to approve the Capital Reorganisation and the Open Offer in accordance with the Listing Rules;
- (ii) the signing by or on behalf of all of the Directors on or before the Prospectus Posting Date of two copies of each of the Prospectus Documents;
- (iii) the delivery on or before the Prospectus Posting Date of one such signed copy of each of the Prospectus Documents to the Underwriter;
- (iv) the delivery to the Stock Exchange and the registration with the Registrar of Companies in Hong Kong respectively on or prior to the Prospectus Posting Date of one copy of each of the Prospectus Documents each duly certified by the Directors in compliance with section 342C(1) of the Companies Ordinance and otherwise complying with the requirements of the Companies Ordinance and the Listing Rules;
- (v) the posting on the Prospectus Posting Date of copies of the Prospectus Documents to the Qualifying Shareholders;
- (vi) compliance by the Company with all its obligations under the Underwriting Agreement;

## LETTER FROM THE BOARD

- (vii) compliance by Harvest Capital and Joint Talent with all their respective obligations under the relevant undertaking letter in accordance with the terms thereof;
- (viii) the Listing Committee of the Stock Exchange (a) agreeing to grant listing of, and permission to deal in, the Offer Shares either unconditionally or subject to conditions which the Company and the Underwriter accept and the satisfaction of such conditions (if any) by no later than the Prospectus Posting Date and (b) not having withdrawn or revoked such listing and permission on or before 4:00 p.m. on the Settlement Date; and
- (ix) the Capital Reorganisation becoming effective in all respects in accordance with the Companies Law on or before the Prospectus Posting Date.

In the event that the above conditions are not satisfied on or before the respective dates referred to above (or such other date as may be agreed between the Underwriter and the Company), the Underwriting Agreement shall terminate and all obligations and liabilities of the parties thereunder shall cease and determine and no party shall have any claim against the others (save for any antecedent breaches thereof).

As at the Latest Practicable Date, conditions (i), (viii) and (ix) above have been fulfilled.

### SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company as at the Latest Practicable Date and immediately after the completion of the Open Offer (assuming that there is no change in the shareholding structure of the Company from the Latest Practicable Date to immediately after completion of the Open Offer).

	As at the Latest Practicable Date		Immediately upon completion of the Share Consolidation but before completion of the Open Offer		Immediately after completion of the Share Consolidation and the Open Offer (assuming all Qualifying Shareholders take up their respective entitlements under the Open Offer)		Immediately after completion of the Share Consolidation and the Open Offer (assuming none of the Qualifying Shareholders except the Underwriter or Sub-underwriters take up their respective entitlements under the Open Offer)	
	Existing Shares	% (approx)	Consolidated Shares	% (approx)	Consolidated Shares	% (approx)	Consolidated Shares	% (approx)
Harvest Capital, Ms. Letty Wan and parties acting in concert with any of them (Notes 1 & 3)	230,280,511	18.06	46,056,102	18.06	138,168,306	18.06	229,468,305	29.99
Joint Talent (Note 2)	205,728,000	16.13	41,145,600	16.13	123,436,800	16.13	123,436,800	16.13
Masterlink (Notes 3 & 4)	—	—	—	—	—	—	115,000,000	15.03
Polaris (Notes 3 & 4)	—	—	—	—	—	—	129,376,597	16.91
Other public Shareholders (Note 4)	839,191,489	65.81	167,838,298	65.81	503,514,894	65.81	167,838,298	21.94
<b>Grand Total</b>	<b>1,275,200,000</b>	<b>100.00</b>	<b>255,040,000</b>	<b>100.00</b>	<b>765,120,000</b>	<b>100.00</b>	<b>765,120,000</b>	<b>100.00</b>

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## LETTER FROM THE BOARD

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*Notes:*

1. Harvest Capital is a substantial shareholder of the Company which is ultimately wholly-owned by Ms. Letty Wan. Harvest Capital is one of the Sub-underwriters.
2. Joint Talent is a substantial shareholder of the Company which is wholly-owned by Mr. Lam Kwing Wai, Alvin Leslie and is deemed to be interested in 205,728,000 Existing Shares (or 41,145,600 Consolidated Shares upon the Share Consolidation becoming effective).
3. Harvest Capital, Polaris and Masterlink are Sub-underwriters under the Sub-underwriting Letters, details of which are set out in the paragraph headed “Sub-underwriting Letters” under the section headed “Underwriting arrangements” of this prospectus.
4. The Underwriter and together with the Sub-underwriters have confirmed to the Company that they have sub-underwritten their underwriting obligations to Independent Third Parties to ensure that the public float requirement under Rule 8.08 of the Listing Rules will be complied with at all material time.

As at the Latest Practicable Date, the substantial shareholders of the Company are Harvest Capital and Joint Talent. Harvest Capital has irrevocably undertaken to the Company that it will subscribe for the 92,112,204 Offer Shares to which Harvest Capital is entitled pursuant to the Open Offer and Joint Talent has irrevocably undertaken to the Company that it will subscribe for the 82,291,200 Offer Shares to which Joint Talent is entitled pursuant to the Open Offer.

If no Shareholders except Harvest Capital and Joint Talent subscribe for any Offer Shares, the Underwriter will have to subscribe or procure the Sub-underwriters to take up the untaken Offer Shares pursuant to the Sub-underwriting Letters.

Under the Underwriting Agreement, Baron Capital has undertaken that if the shareholding of the Company held by the public Shareholders has become less than 25% of the entire issued Shares at all material time and also as a result of the Open Offer, Baron Capital and the Sub-underwriters will procure subscribers (who have to be Independent Third Parties) to subscribe or place down to Independent Third Parties the Consolidated Shares which has been taken up by itself pursuant to its underwriting commitment under the Underwriting Agreement and the Sub-underwriting Letters to maintain or restore the minimum public float for the Consolidated Shares upon the close of the Open Offer in compliance with Rule 8.08(1) of the Listing Rules. As at the Latest Practicable Date, Baron Capital has entered into Sub-underwriting Letters with Polaris and Masterlink (who are Independent Third Parties) to sub-underwrite a total of 244,376,597 Offer Shares (representing approximately 31.94% of the issued share capital of the Company assuming none of the Qualifying Shareholders has taken up their respective entitlements under the Open Offer), leaving 91,299,999 Offer Shares (representing approximately 11.93% of the issued share capital of the Company assuming none of the Qualifying Shareholders has taken up their respective entitlements under the Open Offer) that Harvest Capital (or its subsidiaries) may have to take up by itself or for further sub-underwriting arrangements. In the event that the public float shall drop below 25% of the issued share capital of the Company as enlarged by the issue of the Offer Shares upon the completion of the Open Offer as a result that none of the Qualifying Shareholders has taken up their respective entitlements under the

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## LETTER FROM THE BOARD

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Open Offer, Polaris and Masterlink will place down a total of 30,000,000 Offer Shares to potential subscribers who have confirmed interest in the Open Offer to maintain the public float up to 25% of the issued share capital of the Company. Those potential subscribers are the Independent Third Parties and none of them are existing Shareholders and they are not acting in concert with any of the Shareholders.

The Underwriter and the Sub-underwriters will closely monitor the application progress of the Offer Shares during the Open Offer period and will procure subscribers based on the market response after the Open Offer commences but before closing.

The Open Offer is conditional upon the Stock Exchange granting the listing of the Offer Shares and both Baron Capital and the Company acknowledges that no listing approval in respect of the Offer Shares will be given if, upon completion of the Open Offer, less than 25% of the issued share capital of the Company is held in public hands. The Company will provide details regarding the shareholding structure of the Company and the steps taken by Baron Capital to place down the Offer Shares pursuant to its undertaking in the Underwriting Agreement (if required) in the announcement of the results of the Open Offer to be published on Friday, 11 March 2011.

The Stock Exchange has stated that if, at any time before or after the completion of the Open Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Existing Shares or Consolidated Shares (as the case may be), are held by the public or if the Stock Exchange believes that:

- a false market exists or may exist in the trading of the Existing Shares or Consolidated Shares (as the case may be); or
- there are insufficient Existing Shares or Consolidated Shares (as the case may be) in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend trading in the Existing Shares or Consolidated Shares (as the case may be).

## LETTER FROM THE BOARD

### INVESTMENT PORTFOLIO

Set out below is the investments designated as held for trading as at 31 December 2009 (audited):

Stock Code	Name of securities	Brief description of the business	Proportion of the share capital owned (%)	Cost (HK\$)	Market value (HK\$)	Dividend received (HK\$)	Net Assets attributable to the investment
0223	Sino Resources Group Limited	Principally engaged in providing ancillary services and sale of coals.	2.38	8,824,500	11,527,500	—	HK\$14,448,885
1881	Regal Real Estate Investment Trust	Principally engaged in owning and investing in income-producing hotels and hospitality-related properties.	0.03	2,652,000	1,650,000	168,982	HK\$2,492,619
0078	Regal Hotels International Holdings Limited	Principally engaged in hotel ownership and management, property investment and other investment.	0.03	2,290,000	972,000	20,917	HK\$1,342,740
1099	Sinopharm Group Company Limited	Principally engaged in pharmaceutical products, laboratory supplies and operation of pharmaceutical chain stores.	0.003	663,000	661,200	—	RMB327,326

Set out below are the investment designated as held for trading as at 30 June 2010 (unaudited):

Stock Code	Name of securities	Brief description of the business	Proportion of the share capital owned (%)	Cost (HK\$)	Market value (HK\$)	Dividend received (HK\$)	Net Assets attributable to the investment
0223	Sino Resources Group Limited	Principally engaged in show manager of exhibitions and trade fairs as well as provision of ancillary services	2.38	8,824,500	11,527,500	—	N/A
1881	Regal Real Estate investment Trust	Principally engaged in owning and investing in income-producing hotels and hospitality-related properties	0.03	2,652,000	1,830,000	84,686	HK\$2,522,716
1099	Sinopharm Group Company Limited	(1) Distribution of medicines and pharmaceutical products to customers including hospitals, other distributors, retail drug stores and clinics, (2) operation of pharmaceutical chain stores, and (3) distribution of laboratory supplies, manufacturing and distribution of chemical reagents and production and sale of pharmaceutical products	0.003	663,000	690,000	—	RMB339,845

## LETTER FROM THE BOARD

**Set out below are the details of the Company's available-for-sale investments as at 31 December 2009 (audited):**

Stock Code	Name of securities	Brief description of the business	Proportion of the share capital owned (%)	Cost (HK\$)	Market value (HK\$)	Interest received (HK\$)	Dividend received (HK\$)	Net Assets attributable to the investment
0120	Cosmopolitan International Holdings Limited	Principally engaged in securities trading, property investment and development, provision of information technology services	2.26	12,376,400	27,962,000	—	—	HK\$2,990,025
—	8.125% preferred shares in The Hongkong and Shanghai Banking Corporation Limited	Provide a comprehensive range of financial services to more than 100 millions customers through four customer groups and global businesses: personal financial services (including consumer finance); commercial banking; global banking and markets; and private banking	N/A	7,794,161	7,845,123	—	478,852	N/A
—	Convertible debenture in Jordan Ventures Ltd.	Provision of Canadian brokerage and corporate finance services	N/A	7,970,920	7,384,240	209,217	—	N/A
—	Coutts Private Equity Limited Partnership	Access to a multi-manager private equity fund, managed by top-tier private equity managers investing in international buy-out opportunities	N/A	2,329,718	1,725,740	—	—	N/A

**Set out below are the details of the Company's available-for-sale investments as at 30 June 2010 (unaudited):**

Stock Code	Name of securities	Brief description of the business	Proportion of the share capital owned (%)	Cost (HK\$)	Market value (HK\$)	Interest received (HK\$)	Dividend received (HK\$)	Net Assets attributable to the investment
0120	Cosmopolitan International Holdings Limited	Principally engaged in securities trading, property investment and development, provision of information technology services	2.25	12,376,400	39,655,200	—	—	N/A
—	Fame Oriented Holding Ltd.	Engaging in exploration and mining activities in the United States	12.50	19,200,000	19,200,000	—	—	C\$847
—	8.125% preferred shares in The Hongkong and Shanghai Banking Corporation Limited	Provide a comprehensive range of financial services to more than 100 millions customers through four customer groups and global businesses: personal financial services (including consumer finance) commercial banking; global banking and markers; and private banking	N/A	7,794,161	7,617,294	—	174,341	N/A
—	Convertible debenture in Jordan Ventures Ltd.	Provision of Canadian brokerage and corporate finance services	N/A	7,970,920	7,412,670	165,724	—	N/A
—	Coutts Private Equity Limited Partnership ("CPELP")	Access to a multi-manager private equity fund, managed by top-tier private equity managers investing in international buy-out opportunities	N/A	2,570,593	2,160,254	—	—	N/A

## LETTER FROM THE BOARD

**Set out below are the details of the Company's securities/investments disposed of during the year ended 31 December 2010 and the resulted profit and loss for each of them (unaudited):**

Stock Code	Name of securities	Brief description of the business	Carrying value (HK\$)	Investment valuation reserve (HK\$)	Sale proceed (HK\$)	Unaudited realised gain/(loss) (HK\$)	Unaudited exchange gain (HK\$)
0120	Cosmopolitan International Holdings Limited	Principally engaged in securities trading, property investment and development, provision of information technology services	27,962,000	15,585,600	52,662,700	40,286,300	—
1881	Regal Real Estate Investment Trust	Principally engaged in owning and investing in income-producing hotels and hospitality-related properties	1,650,000	—	2,180,990	530,990	—
0078	Regal Hotel International Holdings Limited	Principally engaged in hotel ownership and management, property investment and other investment	972,000	—	911,920	(60,280)	—
—	Convertible debenture in Jordan Ventures Ltd.	Provision of Canadian brokerage and corporate finance services	2,104,508	—	2,208,840	—	104,332

**Set out below are the details of the Company's securities/investments made during the year ended 31 December 2010 and the year-to-date profit and loss for each of them (unaudited):**

Stock Code	Name of securities	Brief description of the business	Proportion of the share capital owned (%)	Cost (HK\$)	Market value/ Fair value (HK\$)	Unaudited unrealised gain/(loss) (HK\$)
—	Coutts Private Equity Limited Partnership ("CPELP")	Access to a multi-manager private equity fund, managed by top-tier private equity managers investing in international buy-out opportunities	N/A	702,000	630,410	(71,590)
0223	Sino Resources Group Limited	Principally engaged in show manager of exhibitions and trade fairs as well as provision of ancillary services	1.50	5,811,600	5,811,600	—
CPEH	China Private Equity Investment Holding Limited	Invests in unlisted assets in the areas of telecommunications, media, and technology ("TMT"), as well as financial services or listed assets driven by corporate events, such as mergers and acquisition, pre-Initial Public Offer (IPO), or restructuring of state-owned assets	0.01	19,080,813	19,080,813	—
—	Fame Oriented Holding Ltd.	Engaging in exploration and mining activities in the United States	12.50	19,200,000	19,200,000	—
—	Bollex Development Limited	Engaging in infrastructure project for supply of fresh water	29.00	31,000,000	31,000,000	—

## LETTER FROM THE BOARD

**Set out below are the details of the Company's investments held by the Company as at the Latest Practicable Date (unaudited):**

Stock Code	Name of securities	Brief description of the business	Proportion of the share capital owned (%)	Cost (HK\$)	Market value/ Fair value (HK\$)
—	Bollex Development Limited	Engaging in infrastructure project for supply of fresh water	29.00	31,000,000	31,000,000
—	Fame Oriented Holding Ltd.	Engaging in exploration and mining activities in the United States	12.50	19,200,000	19,200,000
CPEH	China Private Equity Investment Holdings Limited	Invests in unlisted assets in the areas of telecommunications, media, and technology (TMT), as well as financial services or listed assets driven by corporate events, such as mergers and acquisition, pre-Initial Public Offer (IPO), or re-structuring of state-owned assets	0.01	19,080,813	19,080,813
0223	Sino Resources Group Limited	Principally engaged in show manager of exhibitions and trade fairs as well as provision of ancillary services	3.67	13,799,267	12,829,950
—	8.125% preferred shares in The Hongkong and Shanghai Banking Corporation Limited	Provide a comprehensive range of financial services to more than 100 millions customers through four customer groups and global businesses: personal financial services (including consumer finance); commercial banking, global banking and market, and private banking	N/A	7,794,161	7,959,038
—	Convertible debenture in Jordan Ventures Ltd.	Provision of Canadian brokerage and corporate finance services	N/A	5,699,194	5,586,653
—	Coutts Private Equity Limited Partnership ("CPELP")	Access to a multi-manager private equity fund, managed by top-tier private equity managers investing in international buy-out opportunities	N/A	3,031,718	2,722,636
1099	Sinopharm Group Company Limited	(1) Distribution of medicines and pharmaceutical products to customers including hospitals, other distributors, retail drug stores and clinics, (2) operation of pharmaceutical chain stores, and (3) distribution of laboratory supplies, manufacturing and distribution of chemical reagents and production and sale of pharmaceutical products	0.003	663,000	639,600

As at the Latest Practicable Date, according to the register of the members of the Company, and to the best of the Director's knowledge, information and belief, the Company was not aware that any of the investee companies holds any share in the Company and no common directorship between the Company. The Company's investment objective is to achieve medium to long-term capital application within the acceptable risk profile and these investments made by the Company were in line with the investment objective.

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## LETTER FROM THE BOARD

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Since January 2010, the significant cash outflows are due to the purchase of shareholdings of Sino Resources Group Limited, China Private Equity Investment Holdings Limited and Bollex Development Limited.

The working capital requirement of the Company includes the rental and administration costs and the requirement for the coming 12 months is approximately HK\$7.5 million.

The Directors are of the opinion that the Group will, taking into account the existing cash and bank balances, have sufficient working capital for its requirements in next 12 months from the date of this prospectus in the absence of unforeseeable circumstances.

### **REASONS FOR THE OPEN OFFER AND USE OF PROCEEDS**

The Company is principally engaged in investment in both listed and unlisted securities. The Company achieved an audited net profit attributable to Shareholders of approximately HK\$18 million for the year ended 31 December 2009.

The estimated net proceeds from the Open Offer will be approximately HK\$73,312,000, net of expenses of approximately HK\$3,200,000. The estimated expenses in relation to the Open Offer, including financial, legal and other professional advisory fees, underwriting commission, printing, registration and translation expense will be borne by the Company.

The Company is a Chapter 21 investment company and makes its investments in accordance with its investment objectives and policies. The Company's investment objective is to achieve medium to long-term capital appreciation within the acceptable risk profile. While the current investment portfolio of the Company does not include options, warrants, commodities, futures contracts and precious metals, the Company will continue to look for suitable investment opportunities which are in line with its investment objective and policy, which may involve any of the above products, but in any event not exceed 20% of the net asset value of the Company being invested. The Company targets to invest in mid-to-late stage unlisted companies where an initial public offer or a trade sale can be foreseen within 3 years. As at the Latest Practicable Date, the Company has identified mainly two principal businesses including an electronic media company and a commercial real estate developer in PRC but has not entered into any form of agreement, including memorandum of understanding, letter of intent, etc., for the potential investments. The Company intends to apply the net proceeds from the Open Offer to invest in these two principal businesses. The net proceeds from the Open Offer will be applied as to approximately 50% in the electronic company and the remaining approximately 50% in the real estate developer. Upon completion of due diligence exercise, funding would need to be deployed accordingly and in a timely manner.

While the overall growth pace of the global investment market has been slowly picking up, the Directors remain bullish in the long-term prospects of the economics in the PRC:—

- (1) The PRC is leading the world in economic recovery with highest gross domestic product (“GDP”) growth rate among all the Group of Twenty Finance Ministers and Central Bank Governors (“G20”) (8.4% in 2009 and 8.7% in 2010);
- (2) Continued strong GDP growth fuels domestic market needs and spending;

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## LETTER FROM THE BOARD

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- (3) The Company sees strong growth potential in consumer spending and requirements in the PRC market;
- (4) These investee companies are among the highly demanded industries;
- (5) These investee companies may provide strong upside opportunity for our investment.

General risk profile in commercial real estate and media industries:

- (1) Slowdown in general PRC economic conditions that may reduce consumer spending;
- (2) Possible changes in PRC policies may adversely affect the commercial real estate and media industries;
- (3) Increasing competition in the PRC domestic market; and
- (4) Heavy reliance on successful and continued sales development.

The Company's investment objective is to achieve medium to long-term capital appreciation and within the acceptable risk profile. Given the risks involved in the identified investment opportunities, the Directors continue to exert cautious approach in analyzing these potential investee companies as well as in monitoring the portfolio of investments of the Group. It is the Company's goal to manage and meet risk fluctuation and investment opportunities.

Having said that, owing to the nature of the Group's business is investment, the Group's investment plan may be adjusted as a result of many volatile factors including stock market condition, general investment and economic environment. Any investment decision may be made at a time when the Directors consider that it is in the interest of the Company to do so by reference to the above volatile factors and receive suggestions from the Company's investment manager. In case that the Company had changed the intended use of proceeds of the Open Offer, the Company will notify the Shareholders by a separate announcement of such event.

Having considered other possibilities or alternatives for fund raising options for the Group, such as bank borrowings and placing of new Shares, and taking into account the benefits and cost of the viable options, the Board considers that the Open Offer is in the best interest of the Company in view of the prevailing market conditions and in particular the financial situation and funding requirement of the Group.

The Company has considered the possibility of rights issue instead of Open Offer which allows Shareholders to trade the nil-paid rights. However, given the additional administrative costs and expenses to be borne by the Company in arranging trading arrangement of the nil-paid rights and additional time for trading of nil paid rights shares, the Company considers that the Open Offer is more time and cost effective and a better option. Due to the tight time schedule, the Directors consider that the trading of nil paid rights will delay the process of fund raising and capturing the investment opportunities on a timely basis. The Board considers that the saving time from no trading of nil-paid rights for Open Offer is in the interests of the Company and the Shareholders as a whole as it offers all the Qualifying Shareholders an equal opportunity to participate in the enlargement of the capital

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## LETTER FROM THE BOARD

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base of the Company and enable the Qualifying Shareholders to maintain their proportionate interests in the Company and continue to participate in the future development of the Company should they wish to do so. However, those Qualifying Shareholders who do not take up the Offer Shares to which they are entitled should note that their shareholdings in the Company will be diluted to one-third in comparison with their shareholdings before the Open Offer. Qualifying Shareholders should also note that based on the closing price of HK\$0.125 per Existing Share as quoted on the Stock Exchange on the Last Trading Day, the theoretical ex-entitlement price per Consolidated Share (assuming the Capital Reorganisation has become effective) after the Open Offer is approximately HK\$0.308, representing a discount of approximately 51.3% to the consolidated closing price of HK\$0.308 per Consolidated Share (assuming the Capital Reorganisation has become effective).

Odd lots may be created as a result of the Open Offer, the Share Consolidation and the Change of Board Lot Size. In order to facilitate the trading of odd lots (if any) of the Consolidated Shares, the Company has appointed Ping An Securities Limited to match the purchase and sale of odd lots of the Consolidated Shares at the relevant market price per Consolidated Share for the period from 1 March 2011 to 21 March 2011 (both dates inclusive). Holders of odd lots of the Consolidated Shares who wish to take advantage of this facility either to dispose of their odd lots of the Consolidated Shares or to top up to board lot of 8,000 Consolidated Shares may contact Mr. Eddy Lam (Tel.: (852) 2522-0330 and Fax: (852) 2545-3000) of Ping An Securities Limited during the period. However, the matching service provided cannot guarantee that all the odd lots of the Consolidated Shares can be matched and after the matching service expires, trading of odd lot Consolidated Shares on the market may not be easy and may not be desirable in terms of cost of Shareholders. Shareholders may also make their own arrangements to top-up or sell their holdings of odd lots of Consolidated Shares (if any) at their own expense. For the avoidance of doubt, Shareholders shall pay the relevant purchase price and normal transaction costs for which they are otherwise responsible.

Shareholders are recommended to consult their stockbrokers, other registered dealers in securities, bank managers, solicitors, professional accountants or other independent professional advisers if they are in any doubt about the matching facility described above.

As at the Latest Practicable Date, the Group has no current intention to conduct further fund raising exercise following the proposed Open Offer and the Group will consider to utilize the issue mandate approved by the Shareholder on 28 June 2010 only where opportunities arise and in the interests of the Company and the Shareholders as a whole.

The Directors consider that it is prudent to finance the Group's long-term growth by equity financing which will not increase the Group's finance costs, and the creation of odd lots is unavoidable under the Open Offer, Capital Reorganisation and the Change of Board Lot Size. In order to increase the size of the investment portfolio, the Company will require funding and the Board considers that the saving time from no trading of nil-paid rights for Open Offer is in the interests of the Company and the Shareholders as a whole as it offers all the Qualifying Shareholders an equal opportunity to participate in the enlargement of the capital base of the Company and enable the Qualifying Shareholders to maintain their proportionate interests in the Company and continue to participate in the future development of the Company should they wish to do so. The Open Offer is fair and reasonable and in the interests of the Company and the Shareholders as a whole having taken into account the terms of the Open Offer.

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## LETTER FROM THE BOARD

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### Risks relating to the share price and proposed structure

(a) *The share price may be volatile*

The price and trading volume of the Existing Shares or the Consolidated Shares (as the case may be) will be determined in the market place and may be highly volatile. Factors such as variations in the Group's revenue, earnings and cash flows, changes in or challenges to its business, announcements of new investments or acquisitions, the depth and liquidity of the market for the Existing Shares or the Consolidated Shares (as the case may be), investors' perceptions of the Group and general political, economic, social and market conditions both globally and in the PRC or Hong Kong could cause the market price of the Existing Shares or the Consolidated Shares (as the case may be) to change substantially.

(b) *Shareholders' shareholding may be diluted as a result of future equity fund raising*

The Group may need to raise additional funds in the future to finance its expansion or for other reasons. If additional funds are raised through the issuance by the Company of new equity or equity-linked securities other than on a pro-rata basis to existing Shareholders, the percentage ownership of individual Shareholders will decline. Any such new securities may have preferential rights or options that favour their holders over Shareholders, to the extent permitted by law, exchange rules and the Company's constitutive documents.

### FUND RAISING ACTIVITY OF THE COMPANY IN THE LAST TWELVE MONTHS

The following table sets out the fund raising activities of the Company during the past twelve months immediately before the Latest Practicable Date:

Date of announcement	Fund raising activity	Net proceed raised (approximately)	Intended use of proceeds	Actual use of net proceeds as at Latest Practicable Date
22 June 2010	Placing of the June 2010 Options	HK\$12,500,000	The Company intends to apply the net proceeds for future investments	The net proceeds has not been fully utilized and will be used as intended
	(the outstanding Options to the holders thereof to subscribe up to a maximum of 12,000,000 new Existing Shares)	13,275,000		

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## LETTER FROM THE BOARD

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Save as disclosed above, the Company had not conducted any fund raising activities during the past twelve months immediately prior to the Latest Practicable Date.

### **WARNING OF THE RISK OF DEALING IN THE EXISTING SHARES OR THE CONSOLIDATED SHARES (AS THE CASE MAY BE)**

Any dealing in the Existing Shares or the Consolidated Shares (as the case may be) from the date of this prospectus up to the date on which all the conditions of the Open Offer are fulfilled will accordingly bear the risk that the Open Offer may not become unconditional or may not proceed. Shareholders and potential investors of the Company should therefore exercise extreme caution when dealing in the Existing Shares or the Consolidated Shares (as the case may be), and if they are in any doubt about their positions, they should consult their own professional advisers.

Shareholders should note that the Existing Shares or the Consolidated Shares (as the case may be) have been dealt in on an ex-entitlement basis commencing from Monday, 31 January 2011 and that dealings in Existing Shares (or Consolidated Shares upon the Share Consolidation becoming effective) will take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled. Any Shareholder or other person dealings in the Existing Shares (or the Consolidated Shares upon the Share Consolidation becoming effective) up to the date on which all conditions to which the Open Offer is subject are fulfilled (which is expected to be on Wednesday, 2 March 2011, will accordingly bear the risk that the Open Offer may not become unconditional and may not proceed.

### **GENERAL**

Your attention is drawn to the information contained in the Appendices to this prospectus.

By order of the Board  
**China Investment Fund Company Limited**  
**Wan Chuen Hing, Alexander**  
*Executive Director*

**1. FINANCIAL INFORMATION**

Financial information of the Group for each of the three years ended 31 December 2007, 2008 and 2009 are disclosed in the annual reports of the Company for the years ended 31 December 2007 (pages 18 to 51), 2008 (pages 18 to 55) and 2009 (pages 16 to 57) respectively. These annual reports are published on the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and ([www.irasia.com/listco/hk/cif](http://www.irasia.com/listco/hk/cif)).

**2. UNAUDITED INTERIM RESULTS**

The unaudited consolidated financial statements of the Company for the six months ended 30 June 2010 together with the relevant notes to the accounts are disclosed in the interim report of the Company for the six months ended 30 June 2010 (pages 1 to 14), which are published on the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and ([www.irasia.com/listco/hk/cif](http://www.irasia.com/listco/hk/cif)).

**3. INDEBTEDNESS STATEMENT****(a) Borrowings**

At the close of business on 31 December 2010, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this prospectus, the Group had no borrowings outstanding.

**(b) Debt securities**

At the close of business on 31 December 2010, the Group had no outstanding debt securities issued or authorised or otherwise created but unissued.

**(c) Pledge of assets**

At the close of business on 31 December 2010, the Group did not pledge any asset to banks or other financial institutions.

**(d) Contingent liabilities**

As at 31 December 2010, the Group had no material contingent liabilities.

**Disclaimer**

Save as aforesaid sections (a) to (d), and apart from intra-group liabilities, at the close of business on 31 December 2010, the Group did not have any outstanding loan capital issued and outstanding or agreed to be issued, bank overdraft, loans, or other similar indebtedness, liabilities under acceptances or acceptances credits, debentures, mortgages, charges, finance lease or hire purchase commitments, guarantees or other material liabilities.

The Directors have confirmed that there has been no material change in the indebtedness and contingent liabilities of the Group since 30 June 2010, being the date to which the latest published unaudited consolidated financial statements of the Company were made up.

**4. WORKING CAPITAL****The Group**

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

**5. MATERIAL ADVERSE 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 31 December 2009, being the date to which the latest published audited consolidated financial statements of the Group were made up.

**6. OPERATION REVIEW**

The principal activity of the Group is investing in both listed and unlisted securities. As at 30 June 2010, the Group has deployed approximately HK\$29 million in unlisted equity securities.

**7. RESULTS REVIEW**

During the six months ended 30 June 2010, the Group reported a loss of approximately HK\$1.6 million (six months ended 30 June 2009: a profit of approximately HK\$11.5 million). The loss was mainly attributable to the decrease in the unrealized gain on financial assets designated as held for trading.

**8. LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 June 2010, the Group had cash and cash equivalents of approximately HK\$31.6 million (31 December 2009: HK\$44.6 million). The gearing ratio, which was defined as the ratio of total borrowings to shareholders' equity as at 30 June 2010, was nil (31 December 2009: nil). The decrease in cash and cash equivalents was mainly due to the acquisition of 12.5% equity interest in Fame Oriented Holdings Limited. Cash and cash equivalents represented approximately 23% of the Group's total assets as at 30 June 2010. It is the Group's policy to adopt a prudent financial management strategy to meet risk fluctuation and investment opportunities.

**9. BUSINESS TREND AND PROSPECTS**

Despite the economic recovery in China in 2009, the growth pace of global investment market has been slowed down following the European financial crisis during the first half year of 2010. Given the continued uncertainty and unpredictability of the current global financial markets and economies, the Directors continue to adopt cautious and prudent approach in managing the portfolio of investments of the Group. The Group is continually looking for investment opportunities which offer good returns and within the acceptable risk profile of the Group. As at the Latest Practicable Date, no provision for impairment loss on the investments has been made.

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

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**TO THE DIRECTORS OF CHINA INVESTMENT FUND COMPANY LIMITED**

We report on the unaudited pro forma statement of adjusted net tangible assets (the “Unaudited Pro Forma Financial Information”) of China Investment Fund Company Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) set out in Appendix II of the prospectus dated 15 February 2011 (the “Prospectus”). The Unaudited Pro Forma Financial Information has been prepared by directors of the Company, for illustrative purpose only, to provide information about how the open offer on the basis of two offer shares for every consolidated share (as defined in the Prospectus) held on the Record Date (as defined in the Prospectus) at the subscription price of HK\$0.15 per offer share, might have affected the financial information presented. The basis of preparation of the Unaudited Pro Forma Financial Information is set out in the introduction and notes to the Unaudited Pro Forma Financial Information as set out in Section A of this Appendix II.

**Responsibilities**

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

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

**Basis of opinion**

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

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

The Unaudited Pro Forma Financial Information is for illustrative purpose only, based on the judgments and assumptions of the directors of the Company, and, because of its hypothetical nature, it may not give a true picture of the Group's financial position or results, and it does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Group as at 30 June 2010 or any future date.

**Opinion**

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group, and
- (c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of Listing Rules.

**HLM & Co.***Certified Public Accountants*

Hong Kong, 15 February 2011

**(A) UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP****INTRODUCTION**

The unaudited pro forma statement of adjusted consolidated net tangible assets (the “Unaudited Pro Forma Financial Information”) of the Group has been prepared by the directors of the Company in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited to illustrate the effect of the proposed open offer on the basis of two offer shares for every consolidated share held on the record date (“Open Offer”) on the published unaudited consolidated net tangible assets of the Group as if the Open Offer had taken place on 30 June 2010.

The Unaudited Pro Forma Financial Information of the Group is prepared based on the published unaudited consolidated net assets of the Group as at 30 June 2010, as extracted from the published interim report of the Group for the period ended 30 June 2010 set out in Appendix II to this prospectus, after incorporating the unaudited pro forma adjustments described in the accompanying notes.

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

	Unaudited consolidated net tangible assets of the Group attributable to the equity holders of the Company as at 30 June 2010 <i>(Note 2)</i> HK\$'000	Estimated net proceeds from the Open Offer <i>(Note 3)</i> HK\$'000	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the equity holders of the Company after completion of the Open Offer HK\$'000	Unaudited consolidated net tangible assets per share attributable to the equity holders of the Company as at 30 June 2010 <i>(Note 4)</i> HK\$	Unaudited pro forma adjusted consolidated net tangible assets per share attributable to the equity holders of the Company after completion of the Open Offer <i>(Note 5)</i> HK\$
Open Offer of 510,080,000 Offer Shares <i>(Note 1)</i>	134,857	73,312	208,169	0.12	0.27

*Note:*

1. The issue of 510,080,000 Offer Shares to the Qualifying Shareholders by way of the Open Offer is based on the number of issued Shares as at the Record Date. Details of the movement in number of Shares from 30 June 2010 up to the Record Date is as follows:

	<b>Number of Shares</b>
As at 30 June 2010	1,095,200,000
Exercise of share options on 1 November 2010	20,000,000
Exercise of share options on 26 January 2011	50,000,000
Exercise of share options on 28 January 2011	60,000,000
Exercise of share options on 31 January 2011	50,000,000
Shares consolidation (5 in 1) (becoming effective)	<u>(1,020,160,000)</u>
As at the Latest Practicable Date	<u><u>255,040,000</u></u>

2. The unaudited consolidated net tangible assets of the Group attributable to the equity holders of the Company as at 30 June 2010 is arrived at based on the published interim report of the Company for the period ended 30 June 2010 as set out in Appendix I to this Prospectus.
3. The estimated net proceeds of Open Offer is calculated based on 510,080,000 Offer Shares to be issued at the Subscription Price of HK\$0.15 per Offer Share, after deduction of the estimated related expenses of approximately HK\$3,200,000.
4. The number of Shares used for the calculation of unaudited consolidated net tangible assets per Share as at 30 June 2010 and prior to the completion of the Open Offer is based on 1,095,200,000 Shares (before share consolidation of 5 in 1) in issue as at 30 June 2010.
5. The unaudited pro forma adjusted consolidated net tangible assets per Share attributable to the equity holders of the Company after the completion of the Open Offer is calculated based on 765,120,000 Shares in issue upon completion of the Open Offer, which represents the 255,040,000 Shares in issue as at the Latest Practicable Date and 510,080,000 Offer Shares expected to be issued on the completion of the Open Offer.
6. No adjustment has been made to reflect any trading result or other transaction of the Group entered into subsequent to 30 June 2010.

This unaudited pro forma statement of adjusted consolidated net tangible assets does not take into account the change in net tangible assets arising from the movement of number of shares of the Company from 30 June 2010 up to the Latest Practicable Date, as specified in Note 1 above.

This appendix serves as an additional disclosure requirement pursuant to Rule 21.09 of Listing Rules in connection with the listing document of investment company. This appendix includes particulars given in compliance with the Listing Rules for the purpose of giving information to the public with regard to the Company.

**INVESTMENT MANAGEMENT INFORMATION**

<b>Investment Manager</b>	Baron Asset Management Limited Room 401, 4th Floor, Aon China Building 29 Queen's Road Central Central Hong Kong
<b>Directors of the Investment Manager and address</b>	Mr. Alexander Cleveland Logie Room 401, 4th Floor, Aon China Building 29 Queen's Road Central Central Hong Kong  Mr. Sze Tsai Ping, Michael Room 401, 4th Floor, Aon China Building 29 Queen's Road Central Central Hong Kong  Mr. Wan Chuen Fai Room 401, 4th Floor, Aon China Building 29 Queen's Road Central Central Hong Kong  Mr. Lam Saihong Dennis Room 401, 4th Floor, Aon China Building 29 Queen's Road Central Central Hong Kong
<b>Custodian</b>	Standard Chartered Bank 15/F, Standard Chartered Tower 388 Kwun Tong Road Kowloon Hong Kong

**THE INVESTMENT MANAGER**

Baron Asset Management Limited (the “Baron Asset Management”) has provided investment management services to the Company since 1 January 2009. The Board is of the view that the investment management services provided by Baron Asset Management are valuable which help to contribute favourable profit and asset growth to the Company.

Baron Asset Management, a company incorporated in Hong Kong with limited liability under the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) on 16 June 2005, is principally engaged in the business of advising on securities and investment management and a licensed corporation to carry out Type 4 (Advising on Securities), Type 6 (Advising on Corporate Finance) and Type 9 (Asset Management) regulated activities under the SFO.

The following are the directors of Baron Asset Management:

**Mr. Alexander Cleveland Logie (“Mr. Alexander Logie”)**

Mr. Alexander Logie has over 20 years of experience in banking and asset management industry. He acted in senior positions including founder, co-founder, president, Chief Executive Officer (“CEO”) and advisor in numerous private equity funds and hedge funds in the recent ten years. He was also the vice president of Citibank Canada from 1985 to 1996, who managed a \$60 billion currency and interest rate swap portfolio, arranged structured financing for the Bank’s balance sheet and helped manage the Bank’s funding gap; and the vice president of Phoenix Hedge Fund from 1996 to 1998, who managed a proprietary market neutral trading book of fixed income and currency derivatives. Mr. Alexander Logie is the President, CEO and Founder, of Candlebrook Capital Corp. “Candlebrook” from February 2007 to present, which is an international private equity and hedge fund advisors and placement agents. The private equity and hedge fund under Candlebrook included Vertex One, Synergy Global Capital, Brevet Capital, Third Eye Capital and Vision Brazil.

Mr. Alexander Logie is a responsible officer of Baron Asset Management and a licensed person for Type 4 (Advising on Securities) and Type 9 (Asset Management) regulated activities under SFO.

**Mr. Sze Tsai Ping, Michael (“Mr. Michael Sze”)**

Mr. Michael Sze has over 30 years of experience in the financial and securities field. He graduated with a Master of Laws (LLM) Degree from the University of Hong Kong. He is currently a Member of the Market Misconduct Tribunal and a Member of the Disciplinary Appeals Committee of the Stock Exchange. He was a former Council Member, Member of the Main Board Listing Committee of the Stock Exchange, Member of the Cash Market Consultative Panel of Hong Kong Exchanges & Clearing Limited and Member of the Securities and Futures Appeals Panel. Mr. Michael Sze is a Fellow of the Institute of Chartered Accountants in England and Wales, the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. He is also a Fellow of the Hong Kong Institute of Directors Limited.

**Mr. Wan Chuen Fai (“Mr. Thomas Wan”)**

Mr. Thomas Wan has over 6 years of experience in asset management industry in providing evaluation and recommendation on potential investment opportunities for professional investors. He also participates in fund management and risk control. Mr. Thomas Wan was an associate director of Bridge Partners Investment Management Limited from June 2002 to November 2006. He acted as asset management manager and responsible officer for Regal Portfolio Management Limited from December 2006 to September 2007. Mr. Thomas Wan is a responsible officer of Baron Asset Management and a licensed person for Type 4 (Advising on Securities) and Type 9 (Asset Management) regulated activities under SFO.

**Mr. Lam Saihong Dennis (“Mr. Dennis Lam”)**

Mr. Dennis Lam has over 6 years of experience in the asset management industry. He previously held equity research and portfolio management responsibilities at Franklin Templeton Investments and Schroder Investment Management (Hong Kong) Limited. Mr. Dennis Lam graduated summa cum laude from Boston University with a Bachelor of Arts in Economics and Mathematics and received a Master of Arts degree in Statistics from Harvard University. Mr. Dennis Lam is a Chartered Financial Analyst (CFA) charterholder, a certified Financial Risk Manager (FRM) and a fellow member of the Global Association of Risk Professionals.

**THE CUSTODIAN**

Standard Chartered Bank was appointed as the custodian in relation to the investments which the Company may from time to time deposit with the 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 reallowance of other types on purchases charged to the investment company.

**RISKS RELATING TO THE COMPANY**

As the Company is principally engaged in investment in both listed and unlisted securities. 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**

As the Company is principally engaged in investment in both listed and unlisted securities. The Company is an investment company incorporated in the Cayman Islands with the investment objective of the Company is to achieve medium to long-term capital appreciation within the acceptable risk profile.

**INVESTMENT POLICY AND RESTRICTIONS**

The Company had adopted the following investment policies:

- (a) the Company may invest in any types of investments in accordance with the investment objectives, policies and restrictions adopted by the Company from time to time;
- (b) the Company may, in addition to investing in the form of equity or equity-related securities and debt instruments in listed and unlisted companies, invest in other financial products including but not limited to trade interest rate options, futures and other types of derivatives; and
- (c) the Company shall engage in transactions in options and futures which are traded on recognized securities or futures exchanges and shall issue or purchase derivative financial products.

Under the Articles and the Listing Rules relating to the listing of investment companies, certain restrictions on investments are imposed on the Company:—

- (d) either on its own or in conjunction with any connected person, make legal, or effective, management control of any company or other entity in which it invests or owns or controls more than 30% (or such lower percentage as may from time to time be specified in the Takeovers Code and Mergers as being the level for triggering a mandatory general offer) of the voting rights in such company or entity, except in relation to wholly-owned subsidiaries of the Company, if any; and
- (e) invest in any company or entity, other than wholly-owned subsidiaries of the Company, if any, if such investment will result in more than 20% of the 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 and at all times be maintained by the Company.

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

**BORROWING POWER**

Pursuant to the provision of the Articles, the Company may exercise its borrowing power to borrow up to an aggregate principal amount for the time being remaining discharged of all money borrowed by the Group not exceeding 50% of the net asset value. The Group's assets may be charged or pledged as security for borrowing.

**DISTRIBUTION POLICY**

It is the Board's intention to distribute any excess balance by way of dividend to the extent permitted by law, the memorandum and the articles. Dividends will only be paid to the extent that they are covered by net income received from underlying investments. 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 position of the Company. Distributions will be made in HK\$.

**FOREIGN CURRENCY MANAGEMENT**

The Group is mainly exposed to the effects of fluctuation in US\$ and C\$. For the currency risk of the Group's financial assets, the exposure is mainly in HK\$ against C\$, if the exchange rate of HK\$ against foreign currency has been increased or decreased by 5%, the Group's profit for the year ended 2009 would increase or decrease by HK\$623,646 (2008: HK\$160,309).

**EXCHANGE CONTROL****THE PRC**

The relevant rules governing exchange control relating to the inflow and outflow of foreign exchange are contained primarily in the Regulations of Foreign Exchange Control (as amended) promulgated on 29 January 1996 and affected on 1 April 1996.

In summary, all foreign exchange receipts (from capital injection or sales) must be deposited in the foreign exchange account opened with the designated bank approved to operate foreign exchange business by State Administration of Foreign Exchange ("SAFE"). Foreign exchange under current account items (such as dividends and profits) can be remitted abroad upon presentation of necessary documents, including auditor's report, capital verification report, foreign exchange registration certificate and tax certificate as well as other documents required by SAFE. Foreign exchange under capital account items (such as interest and repatriation of capital) may be remitted abroad upon presentation of necessary documents and subject to approval of SAFE.

Currently, foreign investment enterprises may settle, buy and sell foreign currency through a designated bank operating foreign exchange businesses.

**HONG KONG**

There are no foreign exchange controls in force in Hong Kong, and HK\$ is freely convertible into other currencies.

Since 17 October 1983, HK\$ has been linked to the US\$. The link is maintained through the mechanism of certificates of indebtedness which are used by the three Hong Kong banknote-issuing banks as cover for banknote issues. The certificates are issued and redeemed by the Hong Kong Exchange Fund only against payment in US\$ at a fixed exchange rate of HK\$7.80 to US\$1.00. The free market exchange rate of HK\$ against the US\$ for the non-bank public is determined by supply and demand, but has not deviated significantly from the fixed exchange rate.

On 5 September 1998, the government of Hong Kong announced seven technical measures to improve the way the linked exchange rate is managed. These measures came into effect on 2 September 1998. These measures are intended to strengthen the currency board arrangement and to stabilise unusual local interest rate movements. The measures include the provision by the Hong Kong Monetary Authority of a convertibility undertaking to all licensed banks in Hong Kong to convert HK\$ in their clearing accounts into US\$ at a fixed rate of HK\$7.75 to US\$1.00.

### **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 and the custodian, as described below. In addition, the Company will pay certain other costs and expenses incurred in its operation, including taxes, expenses for legal, auditing and consulting services, registration fees and other expenses due to supervisory authorities in various jurisdictions, insurance, interest and brokerage cost.

### **INVESTMENT MANAGEMENT FEES**

Management fee for the period from 1 January 2010 to 31 December 2010 is HK\$1,800,000 and for the period from 1 January 2011 to 30 June 2011 is HK\$900,000.

### **CUSTODIAN FEES**

Pursuant to the custodian agreement, the Company will pay the custodian such reasonable fees, costs and expenses in respect of the custodian account as may from time to time be prescribed by the custodian. All fees, costs and expenses of the custodian shall accrue on a daily basis. The Company also agrees to pay all costs, taxes, expenses and fees (including any applicable fees of any clearing house) in connection with or arising out of the operation of the custodian account. The custodian shall be entitled to charge interest (both before and after judgment) on any amount owed to the custodian by the Company at 6% above the prime rate from time to time of the custodian.

### **INVESTMENT PORTFOLIO**

The followings are the details of the investments of the Group as at 31 December 2009, which include all listed investments and all other investments with a value of more than 5% of the Group's gross assets as at 31 December 2009. 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 31 December 2009.

## AVAILABLE-FOR-SALE INVESTMENTS

The details of the available-for-sale investments of the Group as at 31 December 2009 are as follows:

	<b>2009</b> <i>HK\$</i>	<b>2008</b> <i>HK\$</i>
Overseas convertible debentures, at cost ( <i>note a</i> )	7,384,240	8,927,590
Less: fair value adjustment ( <i>note d</i> )	<u>—</u>	<u>—</u>
	<u>7,384,240</u>	<u>8,927,590</u>
Unlisted equity securities, at cost ( <i>note b</i> )	10,123,879	9,888,710
Less: fair value adjustment	<u>(553,016)</u>	<u>(948,466)</u>
	<u>9,570,863</u>	<u>8,940,244</u>
Unlisted bonds, at cost	—	7,809,415
Less: fair value adjustment	<u>—</u>	<u>(2,762,836)</u>
	<u>—</u>	<u>5,046,579</u>
Equity securities listed in Hong Kong, at cost ( <i>note c</i> )	15,400,400	—
Add: fair value adjustment	<u>12,561,600</u>	<u>—</u>
	<u>27,962,000</u>	<u>—</u>
<b>Total</b>	<u><u>44,917,103</u></u>	<u><u>22,914,413</u></u>

*Notes:*

- (a) In 2008, the Group acquired convertible debenture in Jordan Ventures Ltd. (“JVL”) at CAD1,000,000. JVL is a company incorporated on 26 November 2007. One of the terms and conditions in the convertible debenture agreement stated that the repayment date is 6 months subsequent to being demanded by the registered holder provided that such demand may not be made until after 12 months from the opening of head office of JVL. Subject to the borrower’s right to redeem the debentures at any time after the demand date, or after the redemption notice, the outstanding principle amount of a debenture may be converted, at the sole option of the registered holder by giving notice of conversion to the borrower, into common shares of the borrower at a price per conversion share calculated based on the net book value of the borrower at the month end following the notice of conversion. The interest rate of the convertible debenture is at the prime rate (charged by Canadian Imperial Bank of Commerce) per annum paid monthly to the registered holder. The overseas convertible debenture investments are stated at cost because there are no quoted market prices for such overseas convertible debenture investments. On 9 April 2010, the Group has made demand for repayment of the convertible debenture at cost plus accrued and unpaid interest, and such amount is supposed to be received on October 2010. In addition, the variability in the range of reasonable fair value estimated is significant and the probabilities of the various estimates cannot be reasonably assessed. Accordingly, a reasonable estimate of the fair value cannot be made.

- (b) In 2007, the Company entered into an agreement with a merchant bank Coutts Bank to acquire Coutts Private Equity Limited Partnership (“CPELP”). The investment objective of the Partnership is to seek medium to long term capital appreciation. CPELP offers the Company to access to a multi-manager private equity fund, managed by top-tier private equity managers investing in international buy-out opportunities. In 2008, the Group also acquired unlisted equity securities being 38,450 shares of 8.125% preferred shares in The Hong Kong and Shanghai Banking Corporation Limited. The market for these financial assets are not active, the Group establishes the value by references provided by the financial institutions. These include the use of recent arm’s length transaction and reference to other instruments that are substantially the same.
- (c) In 2009, the Group reclassified equity security listed in Hong Kong being 50,840,000 shares of Cosmopolitan International Holdings Limited (“Cosmopolitan”) from financial assets designated as held for trading to available-for-sale financial assets as the Group changed its business model for managing financial assets. The market for these financial assets are active, the Group establishes the value by references provided by the market price. Cosmopolitan is principally engaged in securities trading, property investment and development, provision of information technology services. For the year ended 31 March 2009, the audited consolidated loss from ordinary activities attributable to shareholders of Cosmopolitan was approximately HK\$260,102,000 and the basic loss per share was HK13.39 cents. At 31 March 2009, the audited consolidated net asset value of the Cosmopolitan was approximately HK\$132,302,000. No dividend was received during the year.
- (d) The directors conducted a review of the Group’s available-for-sale investments during the year and determined that the fair value adjustment based on estimated recoverable amount of available-for-sale financial assets.

### FINANCIAL ASSETS DESIGNATED AS HELD FOR TRADING

As at 31 December 2009, financial assets designated as held for trading included the following investments:

Name of Investee company	Number of shares held	Proportion of Investee’s company capital owned %	Cost HK\$	Market value HK\$	Unrealised gain (loss) arising on revaluation HK\$	Dividend received receivable during the year HK\$
(a) Regal Hotels International Holdings Limited	300,000	0.03	645,000	972,000	327,000	38,856
(b) Regal Real Estate Investment Trust	1,000,000	0.03	970,000	165,000	680,000	178,607
(c) Sino Resources Group Limited	26,500,000	2.38	8,824,500	11,527,500	2,703,000	—
(d) Sinopharm Group Company Limited	24,000	0.01	663,000	661,200	(1,800)	—

A brief description of the business and financial information of the listed investee companies which represents all of the Group's assets, which are extracted from their latest published annual reports is as follow:

*Notes:*

- (a) Regal Hotels International Holdings Limited ("Regal") is principally engaged in Hotel Ownership and Management, property investment, other investment. For the year ended 31 December 2009, the audited consolidated profit from ordinary activities attributable to shareholders of Regal was approximately HK\$431,100,000 and the basic earnings per share was HK43 cents. At 31 December 2009, the audited consolidated net asset value of the Regal was approximately HK\$4,475,800,000. Dividend received was approximately HK\$20,917 during the year.
- (b) Regal Real Estate Investment Trust ("Regal REIT") is principally engaged in owning and investing in income-producing hotels and hospitality-related properties. For the year ended 31 December 2009, the audited consolidated profit from ordinary activities attributable to shareholders of Regal REIT was approximately HK\$112,476,000 and the basic earnings per share was HK\$0.197. As at 31 December 2009, its audited consolidated net asset value was approximately HK\$8,308,731,000. Dividend received was approximately HK\$168,982 during the year.
- (c) Sino Resources Group Limited ("Sino Resources") is principally engaged in providing ancillary services and sale of coals. For the year ended 31 March 2009, the audited consolidated profit from ordinary activities attributable to shareholders of Sino Resources was approximately HK\$56,558,000 and the basic earning per share was HK7 cents. At 31 March 2009, its audited consolidated net asset value was approximately HK\$607,096,000. No dividend was received during the year.
- (d) Sinopharm Group Company Limited ("Sinopharm") is principally engaged in pharmaceutical products, laboratory supplies and operation of pharmaceutical chain stores. For the year ended 31 December 2009, the audited consolidated profit from ordinary activities attributable to shareholders of Sinopharm was approximately RMB845,819,000 and the basic earning per share was RMB0.47. As at 31 December 2009, its audited consolidated net asset value was approximately RMB10,910,856,000. No dividend was received during the year.

## 1. RESPONSIBILITY STATEMENT

This prospectus, 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 prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

## 2. SHARE CAPITAL

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

### As at the Latest Practicable Date

<i>Authorised:</i>		<i>HK\$</i>
<u>3,000,000,000</u>	Existing Shares as at the Latest Practicable Date	<u>30,000,000.00</u>
<i>Issued and fully paid:</i>		
<u>1,275,200,000</u>	Existing Shares	<u>12,752,000.00</u>

**The authorised and issued share capital of the Company as at the Record Date (upon the Capital Reorganisation becoming effective) and completion of the Open Offer will be as follows:**

<i>Authorised share capital upon the Capital Reorganisation becomes effective:</i>		<i>HK\$</i>
<u>4,000,000,000</u>	Consolidated Shares	<u>200,000,000.00</u>
<i>Issued and fully paid:</i>		
255,040,000	Consolidated Shares	12,752,000.00
<u>510,080,000</u>	Offer Shares	<u>25,504,000.00</u>
<u>765,120,000</u>		<u>38,256,000.00</u>

All the Existing Shares in issue, Consolidated Shares and Offer Shares to be issued rank and will rank pari passu in all respects with each other including as regards to dividends, voting and return of capital.

As at the Latest Practicable Date, save for the Options, there were no outstanding warrants, derivatives or convertible securities issued or options granted which carry rights to acquire Existing Shares or Consolidated Shares.

The Existing Shares are listed on the Stock Exchange. No part of the equity or debt securities of the Company is listed or dealt in, nor is listing or permission to deal in the securities of the Company being or proposed to be sought, on any other stock exchange.

### **3. DISCLOSURE OF INTERESTS**

#### **Interests of Directors**

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

As at the Latest Practicable Date, none of the Directors was a director or an employee of a company which had an interest or short position in the shares and 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.

#### **Substantial Shareholders**

As at the Latest Practicable Date, so far as is known to, or can be ascertained after reasonable enquiry by any Directors or chief executive of the Company, the following persons had an interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of the Divisions 2 and 3 of Part XV of the SFO, or, who were, directly or indirectly, deemed to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Company and the amount of each of such persons' interests in such securities, together with particulars of any options in respect of such capital were as follows:

*Position in the shares and underlying shares of the Company*

<b>Name of Shareholder</b>	<b>Capacity or Nature of Interests</b>	<b>Number of shares held and underlying shares held</b> <i>Existing Shares</i>	<b>Approximate percentage of issued share capital of the Company</b> %
Ms. Letty Wan <i>(Notes 1 &amp; 3)</i>	Interests of controlled corporation	230,280,511	18.06
Harvest Capital <i>(Notes 1 &amp; 3)</i>	Beneficial owner	230,280,511	18.06
Joint Talent <i>(Note 2)</i>	Beneficial owner	205,728,000	16.13

*Notes:*

1. Harvest Capital is a substantial shareholder of the Company which is ultimately wholly-owned by Ms. Letty Wan. Harvest Capital is one of the Sub-underwriters.
2. Joint Talent is a substantial shareholder of the Company which is wholly-owned by Mr. Lam Kwing Wai, Alvin Leslie and is deemed to be interested in 205,728,000 Existing Shares.
3. Harvest Capital, Polaris and Masterlink are Sub-underwriters under the Sub-underwriting Letters, details of which are set out in the paragraph headed "Sub-underwriting Letters" under the section headed "Underwriting arrangements" of this prospectus.

**Position in the Offer Shares**

<b>Name of Shareholder</b>	<b>Capacity or Nature of Interests</b>	<b>Number of shares held</b> <i>Consolidated Shares</i>	<b>Approximate percentage of issued share capital of the Company (as enlarged by the issue of the Offer Shares)</b> %
Ms. Letty Wan	Interests of controlled corporation	229,468,305	29.99
Masterlink	Beneficial owner	115,000,000	17.19
Polaris	Beneficial owner	129,376,597	17.06

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person (other than the Directors and the chief executives of the Company) who had interests or short positions in the shares or underlying shares (including any interests in options in respect of such capital), which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are, 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 the Company.

#### **4. EXPERT AND CONSENT**

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

<b>Name</b>	<b>Qualification</b>
HLM & Co. Certified Public Accountants	Certified Public Accountants

HLM & Co. Certified Public Accountants has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its letter as set out in this prospectus and reference to its name in the form and context in which they appear respectively.

As at the Latest Practicable Date, HLM & Co. Certified Public Accountants was not beneficially interested in the share capital of any member of the Company, nor did they have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Company, nor did they have any interest, either direct or indirect, in any assets which had been since 31 December 2009 (being the date to which the latest published audited consolidated financial statements of the Company were made up) acquired or disposed of by or leased to or were proposed to be acquired or disposed of by or leased to the Company.

#### **5. MATERIAL LITIGATION**

As at the Latest Practicable Date, so far as known to the Directors, there is no litigation, arbitration or claim of material importance in which the Company is engaged or pending or threatened against the Company.

#### **6. SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had a service contract with the Company which was not determinable by the Company within one year without payment of compensation, other than statutory compensation.

**7. MATERIAL CONTRACTS**

During the two years immediately preceding the date of this prospectus, the following contracts, not being contracts entered into in the ordinary course of business, have been entered by the Company and are or may be material:—

- (i) the Underwriting Agreement;
- (ii) a termination agreement dated 10 November 2010 entered into between the Company and Mr. Lam Kwing Wai, Alvin Leslie in respect of the termination of the Shing View Agreement (as defined below). Pursuant to the termination agreement, the parties agreed to terminate the Shing View Agreement and release each other from all responsibilities and obligations thereunder due to non-fulfillment of one of the conditions precedent under the Shing View Agreement;
- (iii) a placing agreement dated 22 June 2010 entered into between the Company and Baron Capital in respect of the placing of the June 2010 Options. Pursuant to the option agreement, the Company appointed Baron Capital to procure, on a best effort basis, not less than six independent placees to subscribe the June 2010 Options at a price of HK\$0.00625 per option which would entitle the placee to subscribe, during a period of 24 months commencing from 22 June 2010, one new Existing Share at an initial subscription price of HK\$0.125 per Existing Share (subject to adjustments);
- (iv) an agreement dated 21 December 2009 entered into between the Company and Baron Natural Resources Holdings Limited in respect of the acquisition of a 12.5% equity interest in Fame Oriented Holdings Limited by the Company, for a consideration of HK\$19,200,000;
- (v) an agreement dated 21 December 2009 entered into between the Company and Mr. Lam Kwing Wai, Alvin Leslie (as supplemented by supplemental agreements dated 26 February 2010, 28 April 2010, 29 June 2010, 29 September 2010 respectively) in respect of the acquisition of a 17.5% equity interest in Shing View Global Investment Limited by the Company (the “Shing View Agreement”), for a consideration of HK\$19,880,000;
- (vi) a consultancy agreement dated 21 December 2009 entered into between the Company and Ms. Letty Wan in respect of the provision of consultancy services by Ms. Letty Wan for a period commencing from 21 December 2009 to 30 June 2011 for a remuneration to be determined by the Board on a time cost and project basis, provided that the remuneration shall not exceed HK\$1,000,000 for each of the two financial years ending 31 December 2011 of the Company;

- (vii) an investment management agreement dated 21 December 2009 entered into between the Company and Baron Asset Management Limited in respect of provision of investment management services by Baron Asset Management Limited for a period commencing from 1 January 2010 to 30 June 2011 for a management fees of (in respect of the period from 1 January 2010 to 31 December 2010) HK\$1,800,000 and (in respect of the period from 1 January 2011 to 30 June 2011) HK\$900,000;
- (viii) a sharing of administrative office agreement dated 21 December 2009 entered into between the Company and Baron Asia Limited in respect of the sharing of certain premises and facilities for a period commencing from 1 February 2010 to 30 June 2011 for a fee in the sum of HK\$200,000 per month; and
- (ix) an option agreement dated 12 May 2009 entered into between the Company and Mega Regent Holdings Limited (“Mega Regent”) in respect of the grant of the May 2009 Options. Pursuant to the option agreement, the Company agreed to grant the May 2009 Options to Mega Regent which is exercisable within a period of 24 months commencing from 12 May 2009, at the consideration of HK\$500,000 such that Mega Regent shall be entitled to require the Company to allot and issue up to a maximum of 100,000,000 new Existing Shares at the subscription price of HK\$0.106 per Existing Share (subject to adjustments).

## 8. EXPENSES

The estimated net proceeds from the Open Offer will be approximately HK\$73,312,000, net of expenses of approximately HK\$3,200,000. The estimated expenses in relation to the Open Offer, including financial, legal and other professional advisory fees, underwriting commission, printing, registration and translation expense will be borne by the Company.

## 9. PARTIES

### PARTICULARS OF DIRECTORS

(i) Name	Address
<i>Executive Directors:</i>	
Mr. William Robert Majcher	4th Floor, Aon China Building 29 Queen’s Road Central Central Hong Kong
Mr. Wan Chuen Hing, Alexander	4th Floor, Aon China Building 29 Queen’s Road Central Central Hong Kong

*Independent non-executive Directors:*

Mr. Cheng Wing Keung, Raymond	4th Floor, Aon China Building 29 Queen's Road Central Central Hong Kong
Mr. Yeung Chun Yue, David	4th Floor, Aon China Building 29 Queen's Road Central Central Hong Kong
Mr. Siu Hi Lam, Alick	4th Floor, Aon China Building 29 Queen's Road Central Central Hong Kong

**(ii) Biographical Details of Directors***Executive Directors**Mr. Wan Chuen Hing, Alexander ("Mr. Alex Wan")*

Mr. Alex Wan aged 50, has been appointed as an executive and managing Director and authorized representative of the Company with effect from 21 December 2009. Mr. Alex Wan graduated with a bachelor's degree in economics from University of California, Berkeley, the United States. He has also undertaken a master's degree course in business administration majoring in international management in Golden Gate University, United States. Mr. Alex Wan has over 19 years of banking experience in the United States and the Asia Pacific Region. During the period from 1995 to 1998, Mr. Alex Wan was the manager of Asian Global Relationship Centers and the head of Credit and Corporate Finance for the West Coast Region of Citibank International Private Banking Group. He was responsible for the management and investment of high net worth clients' funds with a portfolio of over US\$500 million on a discretionary basis. During the period from 1998 to 1999, Mr. Alex Wan was the managing director and head of Asia Pacific and the West Coast of Blue Stone Capital Partners, L.P., a US investment and merchant banking company. In 2000, Mr. Alex Wan was the general manager and business development director of Beenz.com Greater China Limited covering the PRC, Taiwan, Korea and Hong Kong. Beenz.com is a global customer relationship management solutions provider. From 2002 to 2008, Mr. Alex Wan had been the IT Business Director and Chief Financial Officer of Sino Resources Group Limited D (previously known as Kenfair International (Holdings) Limited), a company whose securities are listed on the Stock Exchange.

*Mr. William Robert Majcher (“Mr. Majcher”)*

Mr. Majcher, aged 47, has been appointed as an executive Director of the Company with effect from 15 August 2007. Mr. Majcher has been appointed to the board of directors of Evolving Gold Corporation, a company listed on both TSX Venture Exchange of Canada and Frankfurt Stock Exchange, with effect from 21 September 2007. Mr. Majcher has also been appointed to be independent director of Q-Gold Resources Ltd., a company listed on TSX Venture Exchange of Canada with effect from 4 November 2010. Mr. Majcher is a highly accomplished visionary with over 20 years combined experience in public service, international finance, and capital markets. His background includes management, public stewardship, structured finance, emerging markets, product development, strategic planning and positioning, and risk management. Mr. Majcher started his career as a Eurobond trader in London, England, where he was known as one of the youngest Canadian Eurobond traders in the market. He later used this experience during a twenty-year career with the Royal Canadian Mounted Police (RCMP), where Mr. Majcher enjoyed remarkable success in covert and public market investigations that often saw him working with law enforcement and securities regulators from around the globe. Mr. Majcher has experience as a Futures and Options broker and trader in both Canada and the United States and has lectured extensively on abuse within the international capital markets, including sophisticated money laundering. Mr. Majcher is recognized as an expert on money laundering in the United States Federal Court for the Southern District of Florida and the Supreme Court of British Columbia and the Ontario Superior Court of Justice. Mr. Majcher obtained a bachelor’s degree in Commerce from St. Mary’s University, Halifax.

*Independent non-executive Directors**Mr. Cheng Wing Keung, Raymond (“Mr. Cheng”)*

Mr. Cheng aged 51, has been appointed as an independent non-executive Director on 30 September 2004, member and chairman of the remuneration committee and member of the audit committee of the Company. Mr. Cheng is a solicitor practicing in Hong Kong and has over 20 years of experience in corporate, company secretarial and listing affairs. He holds a bachelor degree in laws from the University of London and a Master Degree in Business Administration from the University of Strathclyde, Scotland. Mr. Cheng was an independent non-executive director of Fortuna International Holdings Limited from 27 September 2004 to 20 September 2006. At present, he is an independent non-executive director in three listed companies in Hong Kong, Skyfame Realty (Holdings) Limited, Emperor Capital Group Limited and Sino Resources Group Limited.

*Mr. Yeung Chun Yue, David (“Mr. Yeung”)*

Mr. Yeung, aged 29, has been appointed as an independent non-executive Director, member and chairman of the audit committee and member of the remuneration committee of the Company with effect from 26 April 2010. Mr. Yeung is a member of the Hong Kong Institute of Certified Public Accountants (“CPA”) and a member of the Taxation Institute of Hong Kong. He graduated from the City University of Hong Kong and is now a senior member of a CPA firm. He has more than 6 years’ experience in statutory audit and has extensive knowledge in auditing of multi-national corporations in various industries.

*Mr. Siu Hi Lam, Alick, (“Mr. Siu”)*

Mr. Siu, aged 56, has been appointed as an independent non-executive Director, member of the audit committee and member of the remuneration committee of the Company with effect from 1 November 2010. Mr. Siu is the Managing Director of Fortune Take International Limited, a company engaging in business consultancy services established in February 2004. Mr. Siu has worked in the finance and banking field for more than 25 years. He had been the Senior Vice President of AIG Finance (Hong Kong) Limited and the Vice President of Bank of America. He was responsible for business development and credit risk management. Mr. Siu obtained a master degree in Business Administration from the University of Hull in 1995. Mr. Siu was appointed as an independent non-executive Director of BEP International Holdings Limited (stock code: 2326) and Info Communication Holdings Limited (stock code: 8082) in June 2009 and February 2010 respectively.

***Company secretary***

*Ms. Hong Lai Ping, Jasmine (“Ms. Hong”)*

Ms. Hong has been appointed as the Company secretary and authorized representative of the Company with effect from 5 February 2010. Ms. Hong is a member of the Hong Kong Institute of Certified Public Accountants.

**10. PARTIES INVOLVED IN THE OPEN OFFER AND CORPORATE INFORMATION**

Registered office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Principal place of business in Hong Kong	4th Floor, Aon China Building 29 Queen’s Road Central Central Hong Kong
Authorised representatives	Wan Chuen Hing, Alexander 4th Floor, Aon China Building 29 Queen’s Road Central Central Hong Kong  Hong Lai Ping, Jasmine 4th Floor, Aon China Building 29 Queen’s Road Central Central Hong Kong

Company secretary	Hong Lai Ping, Jasmine
Auditors and reporting accountants	HLM & Co. Certified Public Accountants Room 305, 3rd Floor Arion Commercial Centre 2-12 Queen's Road West Hong Kong
Underwriter	Baron Capital Limited Room 402, 4th Floor, Aon China Building 29 Queen's Road Central Central Hong Kong
Sub-underwriters	Harvest Capital Global Enterprises Ltd. 30 De Castro Street Wickhams Cay 1 P.O. Box 4519, Road Town Tortola, British Virgin Islands  Polaris Securities (Hong Kong) Limited Room 1002-4 Tower 1, Admiralty Centre 18 Harcourt Road Hong Kong  MasterLink Securities (Hong Kong) Corporation Limited Unit 2603, 26/F., The Center 99 Queen's Road Central Hong Kong
Legal advisers to the Company	<i>As to Hong Kong law:</i> Vincent T.K. Cheung, Yap & Co. Solicitors and Notaries 11th Floor, Central Building 1-3 Pedder Street, Central Hong Kong  <i>As to Cayman Islands law:</i> Conyers Dill & Pearman 2901 One Exchange Square 8 Connaught Place, Central Hong Kong

Principal Banker	Bank Of Communications Company Limited 20 Pedder Street Central Hong Kong
Investment Manager	Baron Asset Management Limited Room 401, 4th Floor, Aon China Building 29 Queen's Road Central Central Hong Kong
Custodian	Standard Chartered Bank 15th Floor, Standard Chartered Tower 388 Kwun Tong Road Kowloon Hong Kong
Branch Registrar in Hong Kong	Tricor Standard Limited 26th Floor Tesbury Centre 28 Queen's Road East Wanchai Hong Kong

## **11. MISCELLANEOUS**

- (a) As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been acquired, disposed of or leased to or which are proposed to be acquired, disposed of or leased to the Company since 31 December 2009, being the date to which the latest published audited accounts of the Company were made up.
- (b) As at the Latest Practicable Date, none of the Directors is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of the Company.
- (c) The English text of this prospectus shall prevail over the Chinese text in the case of inconsistency.

**12. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection during normal business hours (Saturdays and public holidays excepted) at 4th Floor, Aon China Building, 29 Queen's Road Central, Hong Kong from the date of this prospectus up to and including 28 February 2011:

- (a) the memorandum and articles of association of the Company;
- (b) the letter from HLM & Co. Certified Public Accountants on the unaudited pro forma consolidated net tangible assets of the Group, the text of which is set out on pages 36 to 39 of this prospectus;
- (c) the annual reports of the Company for the two years ended 31 December 2009;
- (d) the unaudited interim report of the Company for the six months ended 30 June 2010;
- (e) the material contracts as referred to in the section headed "material contracts" in this appendix; and
- (f) the written consent referred to in the paragraph headed "Expert and Consent" in this appendix.

**13. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES**

A copy of each of the Prospectus Documents having attached thereto the written consent referred to under the paragraph headed "Expert and Consent" in this appendix, have been registered by the Registrar of Companies in Hong Kong pursuant to section 342C of the Companies Ordinance.

**14. BINDING EFFECT**

The Prospectus Documents, and all acceptances of any offer or application contained in such documents, are governed by and shall be construed in accordance with the laws of Hong Kong. Where an application is made in pursuance of any such documents, the relevant document(s) shall have the effect of rendering all persons concerned bound by the provisions, other than the penal provisions, of sections 44A and 44B of the Companies Ordinance, so far as applicable.