
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your securities in Capital VC Limited (the “Company”), you should at once hand this Prospectus Documents to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

Dealings in Shares and the Rights Shares in their nil-paid and fully-paid forms may be settled through CCASS and you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests.

A copy of each of the Prospectus Documents, having attached hereto 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 this Prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus.

Capital VC Limited 首都創投有限公司

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

PROPOSED RIGHTS ISSUE AT THE PRICE OF HK\$0.30 PER RIGHTS SHARE ON THE BASIS OF ONE RIGHTS SHARE FOR EVERY TWO SHARES HELD ON THE RECORD DATE

Underwriter of the Rights Issue
RADLAND INTERNATIONAL LIMITED

The latest time for acceptance of and payment for the Rights Shares is 4:00 p.m. on 9 March 2011. The procedure for acceptance and payment and/or transfer of the Rights Shares is set out on pages 10 to 11 of this prospectus.

Dealings in the Rights Shares in the nil-paid form will take place from Friday, 25 February 2011 to Friday, 4 March 2011 (both dates inclusive). If the conditions of the Rights Issue (as described on pages 14 to 15 of this Prospectus) are not fulfilled or waived (as appropriate) in accordance to the Underwriting Agreement on or before the time and dates specified therein or the Underwriting Agreement is terminated by the Underwriter, the Rights Issue will not proceed. Any dealing in the nil-paid Rights Shares during the period from Friday, 25 February 2011 to Friday, 4 March 2011 (both dates inclusive), will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

It should be noted that the Underwriting Agreement in respect of the Rights Issue contains provisions entitling the Underwriter by notice in writing to the Company at any time on or prior to 6:00 p.m. on the second business day following the Latest Acceptance Date to terminate the obligations of the Underwriter thereunder on the occurrence of certain events including force majeure. These events are set out under the section headed “Termination of the Underwriting Agreement” on pages 16 to 17 of this prospectus.

If the Underwriter terminates the Underwriting Agreement in accordance with the terms thereof, the Rights Issue will not proceed. In addition, the Rights Issue is conditional on all conditions set out on page 14 to 15 of this prospectus being fulfilled or waived (as applicable). If such conditions have not been satisfied or waived (as applicable) in accordance with the Underwriting Agreement on or before Tuesday, 15 March 2011, all liabilities of the parties to the Underwriting Agreement shall cease and determine and none of the parties shall have any claim against the other save for any antecedent breach and that all such reasonable costs, fees and other out-of-pocket expenses as having been properly incurred by the Underwriter in connection with the underwriting of the Underwritten Shares by the Underwriter (excluding the underwriting commission, sub-underwriting fees and related expenses) shall, to the extent agreed by the Company, be borne by the Company. In such event, the Rights Issue will not proceed.

23 February 2011

TERMINATION OF THE UNDERWRITING AGREEMENT

The Underwriter may terminate the arrangements set out in the Underwriting Agreement by notice in writing issued to the Company at any time on or before 6:00 p.m. on the second business day following the Latest Acceptance Date:

- (a) the Underwriter shall become aware of the fact that, or shall have reasonable cause to believe that, any of the warranties contained in the Underwriting Agreement was untrue, inaccurate, misleading or breached, and in each case the same is (in the absolute opinion of the Underwriter) material in the context of the Rights Issue; or
- (b) in the absolute opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
 - 1. any new law or regulation is enacted, or there is any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority, whether in Hong Kong or elsewhere;
 - 2. any change in local, national or international financial, political, industrial or economic conditions;
 - 3. any change of an exceptional nature in local, national or international equity securities or currency markets;
 - 4. any local, national or international outbreak or escalation of hostilities, insurrection or armed conflict;
 - 5. any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange;
 - 6. any suspension in the trading of the Shares on the Stock Exchange for a continuous period of 5 business days save for the clearance of the announcement of the Rights Issue;
 - 7. any change or development involving a prospective change in taxation or exchange controls in Hong Kong or elsewhere; or
 - 8. any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out,

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

- (i) likely to have a material adverse effect on the business, financial position or prospects of the Group taken as a whole; or
- (ii) likely to have a material adverse effect on the success of the Rights Issue or the level of Rights Shares “taken up”; or
- (iii) so material as to make it inappropriate, inadvisable or inexpedient to proceed further with the Rights Issue,

then and in such case, the Underwriter may by notice in writing to the Company terminate this Underwriting Agreement whereupon all obligations of the Underwriter under the Underwriting Agreement shall cease and determine and the Rights Issue shall not proceed.

CONTENTS

	<i>Page</i>
Expected timetable	1
Definitions	3
Letter from the Board	7
Appendix I : Financial information of the Group	26
Appendix II : Unaudited pro forma financial information of the Group in respect of the Rights Issue	29
Appendix III : Additional Disclosures	33
Appendix IV : General Information	42

EXPECTED TIMETABLE

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

2011

(Hong Kong time)

Register of members closes (both dates inclusive)	Thursday 17 February to Tuesday 22 February
Record Date	Tuesday 22 February
Register of members re-opens	Wednesday 23 February
Prospectus Documents expected to be despatched	Wednesday 23 February
First day of dealings in nil-paid Rights Shares	Friday, 25 February
Latest time for splitting nil-paid Rights Shares	4:30 p.m. on Tuesday, 1 March
Last day of dealings in nil-paid Rights Shares	Friday, 4 March
Latest time for acceptance of and payment for Rights Shares and application and payment for excess Rights Shares	4:00 p.m. on Wednesday, 9 March
Rights Issue expected to become unconditional	Tuesday, 15 March
Announcement of results of acceptance and excess application of the Rights Issue	Thursday, 17 March
Refund cheques in respect of wholly and partially unsuccessful applications for excess Rights Shares expected to be posted on or before	Wednesday, 23 March
Certificates for the Rights Shares expected to be despatched on or before	Wednesday, 23 March
Dealings in fully-paid Rights Shares commence	Friday, 25 March

All times and dates in this prospectus refer to Hong Kong local times and dates.

Dates or deadlines specified in this prospectus are indicative only and may be varied by agreement between the Company and the Underwriter. Any consequential changes to the expected timetable will be published or notified to the Shareholders as and when appropriate.

EXPECTED TIMETABLE

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

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

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

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

DEFINITIONS

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

“Announcement”	the announcement of the Company dated 12 January 2011 relating to, inter alia, the Rights Issue
“Articles”	the articles of association of the Company
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday and Sunday) on which banks are generally open for business in Hong Kong
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies Ordinance”	the Companies Ordinance, Chapter 32 of the Laws of Hong Kong
“Company”	Capital VC Limited, a company incorporated in the Cayman Islands with limited liability and carrying on business in Hong Kong as CNI VC Limited, whose shares are listed on the main board of the Stock Exchange
“Connected Person(s)”	the meaning ascribed to it under the Listing Rules
“Custodian”	Standard Chartered Bank, a bank incorporated in England with limited liability
“Custodian Agreement”	the custodian agreement dated 6 October 2003 entered into between the Company and the Custodian
“Director(s)”	director(s) of the Company
“EAF(s)”	the form(s) of application for use by the Qualifying Shareholders who wish to apply for excess Rights Shares in connection with the Rights Issue
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of PRC
“Investment Management Agreement”	the management agreement dated 17 May 2007 entered into between the Company and the Investment Manager, the Investment Manager agreed to provide the Company with investment management services (excluding general administrative services) commencing on 17 May 2007
“Investment Manager”	Tripod Management Limited, a company incorporated in Hong Kong with limited liability, is a corporation licensed to carry out type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO
“Last Trading Day”	10 January 2011, being the last trading day before the suspension of the trading of the Shares, pending the release of the Announcement
“Latest Practicable Date”	16 February 2011, being the latest practicable date prior to the printing of this Prospectus for the purpose of ascertaining certain information contained herein
“Latest Acceptance Date”	9 March 2011 or such other date as may be agreed between the Company and the Underwriter, being the latest date for acceptance of the offer of and payment for the Rights Shares
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Memorandum”	the memorandum of association of the Company
“Net Asset Value”	the net asset value of the Company calculated in accordance with the provisions of the Articles
“Mr. Yau”	Mr. Yau Chung Hong, being a Shareholder and an executive director of the Company
“Non-Qualifying Shareholders”	those Overseas Shareholders whom the Directors, based on legal advice provided by the Company’s legal advisers, consider it necessary or expedient not to offer the Rights Issue to such Shareholders on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Options”	the options to subscribe for Shares under the Share Option Scheme

DEFINITIONS

“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date and whose address(es) as shown on such register is(are) outside Hong Kong
“PAL(s)”	the renounceable provisional allotment letter(s) proposed to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Posting Date”	23 February 2011 or such other date as the Underwriter may agree in writing with the Company, as the date of despatch of the Prospectus Documents to the Qualifying Shareholders or the Prospectus for information only (as the case may be) to the Non-Qualifying Shareholders
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus to be despatched to Shareholders containing details of the Rights Issue
“Prospectus Documents”	the Prospectus, PAL and EAF
“Qualifying Shareholders”	Shareholders, other than the Non-Qualifying Shareholders
“Record Date”	22 February 2011 (or such other date as the Underwriter may agree in writing with the Company), as the date by reference to which entitlements to the Rights Issue are expected to be determined
“Registrar”	the share registrar of the Company in Hong Kong, being Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Hong Kong
“Rights Issue”	the proposed issue by way of rights of one Rights Share for every two Shares in issue and held on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents
“Rights Shares”	Shares to be issued and allotted under the Rights Issue, being 194,746,089 Shares
“Scheme Mandate Limit”	the maximum number of Shares that may be issued upon exercise of all Options to be granted under the Share Option Scheme and any other share option schemes of the Group

DEFINITIONS

“Settlement Date”	11 March 2011, being the second Business Day following the Latest Acceptance Date (or such other time or date as the Underwriter and the Company may agree in writing)
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Share Option Scheme”	the share option scheme of the Company adopted on 30 September 2003
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.30 per Rights Share
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Underwriter”	Radland International Limited, (a company incorporated in HK with limited liability), is a corporation licensed to carry out type 1 (dealing in securities) regulated activity under the SFO
“Underwriting Agreement”	the underwriting agreement dated 11 January 2011 entered into between the Company and the Underwriter in relation to the underwriting arrangement in respect of the Rights Issue
“Underwritten Shares”	194,746,089 Rights Shares underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement
“US\$”	United States dollar(s), the lawful currency of the United States
“%” or “per cent.”	percentage or per centum

LETTER FROM THE BOARD

Capital VC Limited 首都創投有限公司

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

Executive Directors:

Mr. Yau Chung Hong
Mr. Chui Tak Keung, Duncan
Mr. Kong Fanpeng
Dr. Liu Ta-pei

Registered office:

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

Independent non-executive Directors:

Mr. Lam Kwan
Mr. Chan Ming Sun, Jonathan
Mr. Shiu Siu Tao

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

Suite 7601B, Level 76
International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

23 February 2011

To the Shareholders

Dear Sir or Madam,

**PROPOSED RIGHTS ISSUE
AT THE PRICE OF HK\$0.30 PER RIGHTS SHARE ON THE BASIS OF ONE
RIGHTS SHARE
FOR EVERY TWO SHARES HELD ON THE RECORD DATE**

INTRODUCTION

On 12 January 2011, the Board announced that the Company proposes to raise approximately HK\$58.4 million before expenses (assuming (i) none of the outstanding Options has been exercised; (ii) the Scheme Mandate Limit is not utilized and (iii) no other issue of Shares, on or before the Record Date) to approximately HK\$63.9 million before expenses (assuming (i) the outstanding Options have been fully exercised; (ii) the Scheme Mandate Limit is fully utilized and the subscription rights attaching to the maximum number of Options to be granted pursuant to the Scheme Mandate Limit are fully exercised and (iii) no other issue of Shares, on or before the Record Date) before expenses by way of the Rights Issue of not less than 194,746,089 Rights Shares and not more than 212,875,197 Rights Shares at a price of HK\$0.30 per Rights Share payable in full on acceptance.

The purpose of this prospectus is to provide the Shareholders with further details about the Rights Issue.

LETTER FROM THE BOARD

RIGHTS ISSUE

Issue statistics

Basis of the Rights Issue:	One Rights Share for every two Shares held on the Record Date
Number of Shares in issue as at the Latest Practicable Date:	389,492,178 Shares (<i>Note</i>)
Number of Rights Shares:	194,746,089 Rights Shares
Subscription price:	HK\$0.30 per Rights Share with nominal value of HK\$0.10 each

(*Note*)

As at the Latest Practicable Date, there are outstanding 3,800,000 Options granted under the Share Option Scheme at exercise price of HK\$0.480 per Share. Assuming the outstanding Options are fully exercised, an additional 3,800,000 Shares will be issued.

As at the Latest Practicable Date, the Scheme Mandate Limit, which was approved at the annual general meeting on 26 November 2010, has not been utilised.

Save for the outstanding Options, the Company has no other outstanding convertible securities, options or warrants in issue which confer any rights to subscribe for, convert or exchange into Shares.

The 194,746,089 nil-paid Rights Shares proposed to be provisionally allotted represent 50% of the Company's issued share capital as at the Latest Practicable Date and approximately 33.33% of the Company's issued share capital as enlarged by the issue of the 194,746,089 Rights Shares.

Qualifying Shareholders

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

1. be registered as a member of the Company at the close of business on the Record Date; and
2. be a Qualifying Shareholder.

In order to be registered as members of the Company at the close of business on the Record Date, owners of Shares must lodge any transfers of Shares (together with the relevant share certificates) with the Company's share registrar in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on 16 February 2011. Holders of the Options who wish to participate in the Rights Issue should exercise the subscription rights attaching to their Options in accordance with the terms of the Share Option Scheme on or before 4:30 p.m. on 14 February 2011 so as to enable them to be registered as members of the Company on or before the Record Date.

LETTER FROM THE BOARD

Rights of Overseas Shareholders

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

As at the Latest Practicable Date and based on information provided by Tricor Tengis Limited, the Company's share registrar in Hong Kong, none of the Shareholders as recorded on the register of members of the Company had address(es) which is/are outside Hong Kong. Accordingly, there is no Non-Qualifying Shareholder for the purpose of the Rights Issue.

Subscription Price

The Subscription Price for the Rights Shares is HK\$0.30 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, application for excess Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (a) a discount of approximately 28.57% to the closing price of HK\$0.420 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 21.05% to the theoretical ex-rights price of approximately HK\$0.380 per Share based on the closing price of HK\$0.420 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (c) a discount of approximately 28.91% to the average closing price of approximately HK\$0.422 per Share for the five consecutive trading days up to and including the Last Trading Day;
- (d) a discount of approximately 29.74% to the average closing price of approximately HK\$0.427 per Share for the ten consecutive trading days up to and including the Last Trading Day;
- (e) a discount of approximately 70.44% to the unaudited consolidated net asset value per Share of approximately HK\$1.0149 as at 30 November 2010; and
- (f) a discount of approximately 21.05% to the closing price of HK\$0.380 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Subscription Price was determined after arm's length negotiations between the Company and the Underwriter with reference to the market price of the Shares prior to the Last Trading Day. The Directors (including the independent non-executive Directors) consider the terms of the Rights Issue, including the Subscription Price, to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole. The net price per Rights Share upon full acceptance of the relevant provisional allotment of Rights Shares (assuming (i) none of the outstanding Options has been exercised; (ii) the Scheme Mandate Limit is not utilized and (iii) no other issue of Shares, on or before the Record Date) will be approximately HK\$0.29.

LETTER FROM THE BOARD

Basis of provisional allotment

The basis of the provisional allotment shall be one Rights Share for every two Shares in issue and held on Record Date, being 194,746,089 Rights Shares, at a price of HK\$0.30 per Rights Share. Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the PAL and lodging the same with a remittance for the Rights Shares being applied for.

Fractions of Rights Shares

The Company will not provisionally allot fractions of Rights Shares in nil-paid form to the Qualifying Shareholders otherwise entitled thereto. All fractions of nil-paid Rights Shares will be aggregated and all nil-paid Rights Shares arising from such aggregation will be sold in the market, if a premium (net of expenses) can be achieved, and the Company will retain the proceeds from such sale(s) for its benefit. Any unsold aggregate of fractions of nil-paid Rights Shares will be made available for excess application by the Qualifying Shareholders.

Status of the Rights Shares

The Rights Shares, when allotted and fully paid, will rank pari passu in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment of the Rights Shares in their fully-paid form.

Procedures for acceptance and payment or transfer

Qualifying Shareholders will find enclosed with this prospectus a PAL which entitles them to subscribe for the number of Rights Shares shown therein. If the Qualifying Shareholders wish to accept all the Rights Shares provisionally allotted to them as specified in the PAL, they must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong by no later than 4:00 p.m. on Wednesday, 9 March 2011. All remittances must be made in Hong Kong dollars. Cheques must be drawn on an account with, and cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to "Capital VC Limited – Provisional Allotment Account" and crossed "Account Payee Only".

It should be noted that unless the duly completed PAL, together with the appropriate remittance, has been lodged with the Registrar by 4:00 p.m. on Wednesday, 9 March 2011, whether by the original allottee or any person to whom the rights have been validly transferred, the relevant provisional allotment and all rights and entitlements thereunder will be deemed to have been declined and will be cancelled and such Rights Shares will be available for application under the EAFs by the Qualifying Shareholders.

LETTER FROM THE BOARD

If the Qualifying Shareholders wish to accept only part of their provisional allotment and/or to transfer part of their rights to subscribe for the Rights Shares provisionally allotted to them under the PAL or to transfer their rights to more than one person, the original PAL must be surrendered and lodged for cancellation by no later than 4:30 p.m. on Tuesday, 1 March 2011, to the Registrar who will cancel the original PAL and issue new PALs in the denominations required, which will be available for collection at the Registrar after 9:00 a.m. on the second Business Day after the surrender of the original PAL.

The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders. All cheques and cashier's orders accompanying completed PALs will be presented for payment immediately upon receipt and all interest earned on such monies will be retained for the benefit of the Company. Completion and return of the PAL will constitute a warranty and representation to the Company that all registration, legal and regulatory requirements of all relevant jurisdictions in connection with the PAL and any acceptance of it have been, or will be, duly complied with. Completion and return of the PAL with a cheque or a cashier's order, whether by a Qualifying Shareholder or by any nominated transferee, will constitute a warranty by the applicant that the cheque or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the accompanying cheque and/or cashier's order is dishonoured on first presentation, and, in such event, the relevant provisional allotment and all rights and entitlements thereunder will be deemed to have been declined and will be cancelled.

Save as described under the paragraph headed "Rights of Overseas Shareholders" above, no action has been taken to permit the offering of the Rights Shares or the distribution of the Prospectus Documents in any territory other than Hong Kong. Accordingly, no person receiving this prospectus, the PAL or the EAF in any territory outside Hong Kong may treat it as an offer or invitation to apply for the Rights Shares or excess Rights Shares, unless in a territory where such an offer or invitation could lawfully be made without compliance with any registration or other legal and regulatory requirements thereof. It is the responsibility of anyone outside Hong Kong to satisfy itself/himself/herself before acquiring any rights to subscribe for the provisionally allotted Rights Shares or making an application for the excess Rights Shares, as to the full observance of the laws and regulations of all relevant jurisdictions, including the obtaining of any governmental or other consents, and to pay any taxes and duties required to be paid in any such jurisdiction in connection therewith. The Company reserves the right to refuse to accept any application for the Rights Shares where it believes that doing so would violate the applicable securities or other laws or regulations of any jurisdiction. No application for Rights Shares will be accepted from any person who is a Non-Qualifying Shareholder.

If the Underwriter exercises the right to terminate the Underwriting Agreement or if the conditions of the Rights Issue are not fulfilled or waived (as applicable), the monies received in respect of acceptances of the Rights Shares will be returned to the Qualifying Shareholders or such other persons to whom the nil-paid Rights Shares shall have been validly transferred, or in case of joint applicants, to the first-named person, without interest by means of cheques despatched by ordinary post at their own risk as soon as practicable thereafter.

LETTER FROM THE BOARD

Application for excess Rights Shares

Qualifying Shareholders may apply, by way of excess application, for any unsold entitlements of the Non-Qualifying Shareholders (if any) and for any Rights Shares provisionally allotted but not accepted.

Any Qualifying Shareholder wishing to apply for any excess Rights Shares must complete and sign the enclosed EAF as indicated thereon and lodge it, together with a separate remittance for the amount payable on application in respect of the excess Rights Shares applied for, with the Registrar at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong by not later than 4:00 p.m. on Wednesday, 9 March 2011. All remittances must be made in Hong Kong dollars and cheques or cashier's orders must be drawn on a bank account in Hong Kong and made payable to "Capital VC Limited – Excess Application Account" and crossed "Account Payee Only".

The Directors will allocate the excess Rights Shares at their discretion on a fair and equitable basis on the following principles:

- (1) preference will be given to applications for less than a board lot of Rights Shares where they appear to the Directors that such applications are made to round up odd-lot holdings to whole-lot holdings and that such applications are not made with intention to abuse this mechanism; and
- (2) subject to availability of excess Rights Shares after allocation under principle (1) above, the excess Rights Shares will be allocated to Qualifying Shareholders based on a sliding scale with reference to the number of the excess Rights Shares applied by them (i.e. Qualifying Shareholders applying for a smaller number of Rights Shares are allocated with a higher percentage of successful application but will receive a lesser number of Rights Shares; whereas Qualifying Shareholders applying for a larger number of Rights Shares are allocated with a smaller percentage of successful application but will receive a higher number of Rights Shares).

Investors with their Shares held by a nominee company should note that the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, the Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to beneficial owners individually. Investors with their Shares held by a nominee company are advised to consider whether they would like to arrange for the registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

Investors whose Shares are held by their nominee(s) and who would like to have their names registered on the register of members of the Company, must lodge all necessary documents with the Registrar for registration by 4:30 p.m. on 16 February 2011.

LETTER FROM THE BOARD

The allocation of excess Rights Shares (if any) made to the Qualifying Shareholders will be announced on or about Thursday, 17 March 2011. If no excess Rights Shares are allotted to the Qualifying Shareholders, the amount tendered on application is expected to be refunded in full on or before Wednesday, 23 March 2011. If the number of excess Rights Shares allotted to the Qualifying Shareholders is less than that applied for, the surplus application monies are also expected to be refunded to them on or before Wednesday, 23 March 2011.

All cheques and cashier's orders will be presented for payment immediately following receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of the EAF will constitute a warranty and representation to the Company that all registration, legal and regulatory requirements of all relevant jurisdictions in connection with the EAF and any acceptance of it have been, or will be, duly complied with. Completion and return of the EAF together with a cheque or cashier's order in payment for excess Rights Shares applied for will constitute a warranty by the applicant that the cheque or the cashier's order will be honoured on first presentation. If any cheque or cashier's order accompanying a completed EAF is dishonoured on first presentation, without prejudice to the other rights of the Company, such EAF is liable to be rejected.

The EAF is for use only by the person(s) to whom it is addressed and is not transferable. All documents, including cheques or cashier's orders for the amount due, will be despatched by ordinary post at the risk of the persons entitled thereto to their respective registered addresses as shown in the register of members of the Company on the Record Date.

If the Underwriter exercises the right to terminate the Underwriting Agreement or if the conditions of the Rights Issue are not fulfilled or waived (as applicable), the monies received in respect of the relevant applications for excess Rights Shares will be returned to the applicants, or in case of joint applicants, to the first-named person, without interest by means of cheques despatched by ordinary post at their own risk as soon as practicable thereafter.

Share certificates and refund cheques for Rights Issue

Subject to the fulfillment of the conditions of the Rights Issue, certificates for all fully paid Rights Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on or before 23 March 2011. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted on or before 23 March 2011 by ordinary post to the applicants at their own risk.

Applicant(s) will receive one share certificate for all the Rights Shares issued to him/her/it.

The first day of dealings in the Rights Shares in their fully-paid form is expected to commence on Friday, 25 March 2011.

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 Rights Shares in both their nil-paid and fully-paid forms to be issued and allotted pursuant to the Rights Issue.

LETTER FROM THE BOARD

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

Dealings in the Rights Shares in both their nil-paid and fully-paid forms (both in board lots of 10,000), which are registered in the register of members of the Company in Hong Kong will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

Taxation

Qualifying Shareholders are recommended to consult their professional advisors if they are in any doubt as to the tax implications of the holding or disposal of, or dealing in the Rights Shares in both their nil-paid and fully-paid forms and, as regards the Non-Qualifying Shareholders, their receipt of the net proceeds of sale of the Rights Shares otherwise falling to be issued to them under the Rights Issue. It is emphasised that none of the Company, its Directors or any other parties involved in the Rights Issue accepts responsibility for any tax effects or liabilities of holders of the Rights Shares resulting from the purchase, holding or disposal of, or dealing in the Rights Shares in both their nil-paid and fully-paid forms.

Conditions of the Rights Issue

The Rights Issue is conditional upon the following conditions being fulfilled or waived (as appropriate):

- (a) the delivery to the Stock Exchange and the filing with and registration of the Prospectus Documents by the Registrar of Companies in Hong Kong in compliance with the Companies Ordinance on or before the Posting Date;
- (b) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting, to the extent reasonably practicable, of the Prospectus for information purposes only to the Non-Qualifying Shareholders;
- (c) the Listing Committee granting or agreeing to grant (subject to allotment) the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully paid forms, either unconditionally or subject to such conditions as the Underwriter may in its absolute discretion accept and the satisfaction of such conditions (if any and where relevant) before 8:00 a.m. on the date on which nil-paid Rights Shares commence dealings on the Stock Exchange, and not having withdrawn or revoked such listing and permission before 8:00 a.m. on the date (“dealing date”) dealings in the Rights Shares, in fully paid form, commence on the Stock Exchange;

LETTER FROM THE BOARD

- (d) the obligations of the Underwriter becoming unconditional and that the Underwriting Agreement not being terminated in accordance with the terms hereof;
- (e) compliance with and performance of all the undertakings and obligations of the Company under the terms of the Underwriting Agreement; and
- (f) the Shares remaining listed on the Stock Exchange at all times prior to the dealing date and the current listing of the Shares not having been withdrawn or the trading of the Shares not having been suspended for a consecutive period of more than 5 trading days and no indication being received before 4:00 p.m. on the Settlement Date from the Stock Exchange to the effect that such listing may be withdrawn or objected to (or conditions will or may be attached thereto) including but not limited to as a result of the Rights Issue or in connection with the terms of the Underwriting Agreement or for any other reason.

In the event that the above conditions have not been satisfied and/or waived in whole or in part by the Underwriter on or before 4:00 p.m. on 30 March 2011 (or such later date or dates as the Underwriter and the Company may agree in writing), the Underwriting Agreement shall be automatically terminated and all obligations of the parties to the Underwriting Agreement shall cease and neither party shall have any claim against the other save that all such reasonable costs, fees and other reasonable out-of-pocket expenses of the Underwriter in respect of the Rights Issue shall be borne by the Company, and the Rights Issue will not proceed.

The Underwriting Agreement

Date:	11 January 2011
Underwriter:	Radland International Limited, is a corporation licensed to carry out type 1 (dealing in securities) regulated activity under the SFO. To the best of the Directors' knowledge and information, Radland International Limited and its ultimate beneficial owners are third parties independent of and not connected with the Company and its Connected Persons
Total number of Rights Shares being underwritten by the Underwriter:	The Underwriter has conditionally agreed pursuant to the Underwriting Agreement to underwrite the Rights Shares not subscribed by the Qualifying Shareholders on a fully underwritten basis, being 194,746,089 Rights Shares, subject to the terms and conditions of the Underwriting Agreement
Commission:	3% of the aggregate Subscription Price of the Underwritten Shares as determined on the Record Date

The commission rate was determined after arm's length negotiation between the Company and the Underwriter by reference to the existing financial position of the Group, the size of the Rights Issue, the current and expected market condition and the commission rate of the Rights Issue. The Board considers the terms of the Underwriting Agreement including the commission rate are fair and reasonable so far as the Company and the Shareholders are concerned.

LETTER FROM THE BOARD

Termination of the Underwriting Agreement

The Underwriter may terminate the arrangements set out in the Underwriting Agreement by notice in writing issued to the Company at any time on or before 6:00 p.m. on the second business day following the Latest Acceptance Date:

- (a) the Underwriter shall become aware of the fact that, or shall have reasonable cause to believe that, any of the warranties contained in the Underwriting Agreement was untrue, inaccurate, misleading or breached, and in each case the same is (in the absolute opinion of the Underwriter) material in the context of the Rights Issue; or
- (b) in the absolute opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
 - 1. any new law or regulation is enacted, or there is any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority, whether in Hong Kong or elsewhere;
 - 2. any change in local, national or international financial, political, industrial or economic conditions;
 - 3. any change of an exceptional nature in local, national or international equity securities or currency markets;
 - 4. any local, national or international outbreak or escalation of hostilities, insurrection or armed conflict;
 - 5. any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange;
 - 6. any suspension in the trading of the Shares on the Stock Exchange for a continuous period of 5 business days save for the clearance of the announcement of the Rights Issue;
 - 7. any change or development involving a prospective change in taxation or exchange controls in Hong Kong or elsewhere; or
 - 8. any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out,

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

- (i) likely to have a material adverse effect on the business, financial position or prospects of the Group taken as a whole; or
- (ii) likely to have a material adverse effect on the success of the Rights Issue or the level of Rights Shares “taken up”; or

LETTER FROM THE BOARD

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

then and in such case, the Underwriter may by notice in writing to the Company terminate this Underwriting Agreement whereupon all obligations of the Underwriter under the Underwriting Agreement shall cease and determine and the Rights Issue shall not proceed.

Undertaking from certain Shareholders

The Company does not acknowledge any Shareholders have the intention to undertake the Rights Shares as at the Latest Practicable Date.

WARNING OF THE RISKS OF DEALING IN SHARES AND RIGHTS SHARES AND THE NIL-PAID RIGHTS SHARES AND THE POTENTIAL DILUTION EFFECT

The Shares have been dealt in on an ex-rights basis from 15 February 2011. Dealings in the Rights Shares in the nil-paid form will take place from 25 February 2011 to 4 March 2011 (both dates inclusive). If the conditions of the Underwriting Agreement are not fulfilled or the Underwriting Agreement is terminated by the Underwriter, the Rights Issue will not proceed.

Any Shareholders or other persons contemplating selling or purchasing Rights Shares in their nil-paid form during the period from 25 February 2011 to 4 March 2011 (both dates inclusive) who are in any doubt about their position are recommended to consult their professional advisers. Any Shareholders or other persons dealing in the Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriter's right of termination of the Underwriting Agreement ceases) and any persons dealing in the nil-paid Rights Shares during the period 25 February 2011 to 4 March 2011 (both dates inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

We would like to draw Shareholders' attention to the fact that, for those Shareholders who do not wish to take up all or part of their provisional allotment entitlements to the Rights Shares, their corresponding interests in the Company will be significantly diluted. In addition, the Shareholders' interest may be subject to further dilution if the Board decides to conduct further fund raising exercises in future. However, Shareholders can maintain their respective shareholding interests in the Company if they take up all of their provisional allotment entitlements to the Rights Shares. Besides, they can choose to dispose all or part of their provisional allotment entitlements to the Rights Shares in the market (if any) and get the sales proceeds at the expenses of dilution in their shareholding interests in the Company.

LETTER FROM THE BOARD

FUND RAISING EXERCISES OF THE COMPANY

Save as disclosed below, the Company has not conducted any fund raising activities in the past twelve months before the date of this announcement:

Date of announcement	Fund raising activity	Net proceeds raised (approximately)	Proposed use of the net proceeds	Actual use of the net proceeds
1 December 2010	Placing of new Shares	HK\$22.17 million	For future potential investments and working capital	Used as intended (Note)

Note:

The detailed breakdown of the use of net proceeds are as follows: (i) approximately HK\$16.7 million had been used for investments in listed securities in information technology – information technology hardware sector; (ii) approximately HK\$4.3 million had been used for investments in listed securities in telecommunications sector; and (iii) the remaining balance had been used for general working capital.

REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

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

The Directors consider that the Rights Issue, which is on a fully underwritten basis, will (i) allow the Group to strengthen its financial position without having to incur interest expenses as compared to debt financing; (ii) increase the capital base of the Company for future investment purposes; and (iii) provide funding to capture suitable investment opportunities when arises. The Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company, hence the Board considers that fund raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

The gross proceeds of the Rights Issue will be approximately HK\$58.4 million. The estimated net proceeds of the Rights Issue will be approximately HK\$56.3 million and are intended to be used for investments in stocks in the industries including but not limited to the natural resources, health and pharmaceutical, forestry, retail, communication technology and operation of cemetery and funeral services sectors and for general working capital of the Group. The investments aim to achieve earnings in the form of short to medium terms (i.e. less than five years) capital appreciation as well as income from interest and dividends. With the world's economic recovery and the prevailing macro environment of low interest rates, the above mentioned industries may experience substantial growth. Having said that, owing to the nature of the Group's business which 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. In case that the Company had changed the intended use of proceeds of the Rights Issue, the Company will notify the Shareholders by a separate announcement of such event.

The Company is a Chapter 21 investment company and makes its investments in accordance with its investment objectives and policies. These include investments in the form of equity or equity related securities and debt instruments in listed and unlisted companies engaged in different industries including but not limited to information technology, manufacturing, pharmaceutical, services, property,

LETTER FROM THE BOARD

telecommunications, life and environmental and infrastructure sectors. With a view to keeping a balance of its investment portfolio, the Company may also invest in the natural resources, consumer goods, industrial goods and insurance sectors. Although the Company's primary objective is to achieve short to medium term (i.e. less than five years) capital appreciation by investing in listed and unlisted companies mainly in Hong Kong and the PRC, if the Directors believe that making short term investments is in the interest of the Company, they may decide to do so taking into account the then prevailing market conditions. Divestments of short-term investments 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 factors such as performance of the relevant stock and market conditions.

The Company will make an investment when it considers appropriate by reference to many factors including the then price level of the potential investment, performance of the relevant investee company, Directors' perception of the prospects of the investee company, stock market condition, the general investment and economic environment. The Directors also receive suggestions from the Company's Investment Manager.

The Company's business requires extensive cash to grow. Unlike other companies with constant cash income from operations, investments of Chapter 21 investment companies do not necessarily generate extensive cash income. In order to increase the size of its investment portfolio, the Company will require cash in order to make new investments. If and when the Directors consider that funding is necessary, they will consider the appropriate means of fund raising at that time.

SHAREHOLDING IN THE COMPANY

Set out below is the shareholding structure of the Company as the Latest Practicable Date and immediately after completion of the Rights Issue, assuming that there is no change in the shareholding structure of the Company from the Latest Practicable Date to immediately after completion of the Rights Issue:

	As at the Latest Practicable Date		Immediately after completion of the Rights Issue and assuming all the Qualifying Shareholders take up their respective allotment of Rights Shares in full		Immediately after completion of the Rights Issue and assuming no Qualifying Shareholders take up any of the Rights Shares and the Underwriter takes up the Rights Shares to the maximum extent	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Mr. Yau (<i>Note 1</i>)	41,370,000	10.62	62,055,000	10.62	41,370,000	7.08
Underwriter (<i>Note 2</i>)	0	0.00	0	0.00	194,746,089	33.33
Other Public Shareholders	348,122,178	89.38	522,183,267	89.38	348,122,178	59.59
Total	<u>389,492,178</u>	<u>100.00</u>	<u>584,238,267</u>	<u>100.00</u>	<u>584,238,267</u>	<u>100.00</u>

LETTER FROM THE BOARD

Notes

- (1) As at the Latest Practicable Date, Mr. Yau, an executive director of the Company, was personally interested in 34,060,000 Shares and deemed to be interested in 7,310,000 Shares by virtue of his control in Sellwell Enterprises Limited.
- (2) Pursuant to the Underwriting Agreement, the Underwriter hereby declares that it has no intention of becoming, whether by itself or together with the parties acting in concert with it (if any), the controlling Shareholder (as defined in the Listing Rules) of the Company as a result of its performance of its obligations under this Agreement. The Underwriter has further undertaken to the Company that:
 - (i) it shall, whether by itself or together with the parties acting in concert (as defined in the Hong Kong Code on Takeovers and Mergers) with it (if any), be under no circumstances hold 30% or more of the issued share capital of the Company immediately after completion of the Rights Issue; and
 - (ii) it shall, in fulfillment of its underwriting obligations under the Underwriting Agreement to subscribe for (or procure subscribers for) any Underwritten Shares not taken up, procure that the subscribers procured by it and/or its subunderwriter(s) and/or the subscribers procured by such sub-underwriter(s), are not parties acting in concert with it, so that it, together with parties acting in concert with it (if any) will not become the controlling Shareholder of the Company immediately after completion of the Rights Issue.

INVESTMENT PORTFOLIO

Set out below are the top ten securities/investment made/bought by the Group for the year from 1 July 2007 to 30 June 2008:

Stock Code	Stock/company name	Investment cost <i>HK\$'000</i> <i>(approximate)</i>
94	Omnicorp Limited	21,673
Unlisted	Winwide Management Limited	20,000
Unlisted	Easymade Group Limited	20,000
Unlisted	King Alliance Resources Limited	18,581
Unlisted	IIN Network Education (BVI) Limited	15,000
Unlisted	Woddlock Investment Limited*	15,000
388	Hong Kong Exchanges and Clearing Limited	13,080
2328	PICC Property and Casualty Company Limited	7,197
348	Lung Cheong International Holdings Limited	6,066
660	Wai Chun Mining Industry Group Company Limited	5,164

* *The name of Woddlock Investment Limited subsequently changed to UCCTV Holdings Limited during the year ended 30 June 2009.*

LETTER FROM THE BOARD

Set out below are the top ten securities/investment made/bought by the Group for the year from 1 July 2008 to 30 June 2009:

Stock Code	Stock name	Investment cost <i>HK\$'000</i> <i>(approximate)</i>
Unlisted	UCCTV Holdings Limited	15,000
94	Omicorp Limited	7,364
362	China Zenith Chemical Group Limited	6,395
Unlisted	IIN Network Education (BVI) Limited	5,000
8139	Prosperity International Holdings (H.K.) Limited	2,969
1361	361 Degrees International Limited	2,946
660	Wai Chun Mining Industry Group Company Limited	1,855
295	Kong Sun Holdings Limited	888
716	Singamas Container Holdings Limited	815
3888	Kingsoft Corporation Limited	572

Set out below are the top ten securities/investment made/bought by the Group for the year from 1 July 2009 to 30 June 2010:

Stock Code	Stock name	Investment cost <i>HK\$'000</i> <i>(approximate)</i>
692	Ching Hing (Holdings) Limited	49,034
723	Sustainable Forest Holdings Limited	45,526
8037	Longlife Group Holdings Limited	41,233
948	Z-Obee Holdings Limited	33,237
851	Sheng Yuan Holdings Limited	19,502
8203	Kaisun Energy Group Limited	14,528
705	CVM Minerals Limited	12,693
821	Value Convergence Holdings Limited	11,963
8130	Xing Lin Medical Information Technology Company Limited	11,174
94	Omicorp Limited	10,260

LETTER FROM THE BOARD

Set out below are the top ten securities/investment made/bought by the Group for the six months ended from 1 July 2010 to 31 December 2010, being the unaudited interim results of the Group.

Stock Code	Stock name	Investment cost <i>HK\$'000</i> <i>(approximate)</i>
8082	Sage International Group Limited	50,878
8037	Longlife Group Holdings Limited	32,912
1063	SunCorp Technologies Limited	19,627
956	China Suntien Green Energy Corporation Limited	10,863
342	NewOcean Energy Holdings Limited	9,662
8312	Brilliance Worldwide Holdings Limited	7,305
851	Sheng Yuan Holdings Limited	6,927
1163	Dejin Resources Group Company Limited	6,777
8256	Netel Technology (Holdings) Limited	5,272
3823	Tech Pro Technology Development Limited	2,580

Set out below are the top ten securities/investment realised by the Group for the year from 1 July 2007 to 30 June 2008:

Stock code	Stock name	Realised gain/(loss) <i>HK\$'000</i> <i>(approximate)</i>
3838	China Starch Holdings Limited	665
388	Hong Kong Exchanges and Clearing Limited	146
94	Omnicon Limited	2,004
2328	PICC Property and Casualty Company Limited	99
660	Wai Chun Mining Industry Group Company Limited	(84)
348	Lung Cheong International Holdings Limited	2,119
379	PME Group Limited	(369)
819	Tianneng Power International Limited	151
2628	China Life Insurance Company Limited	125
8029	Sun International Group Limited	(22)

LETTER FROM THE BOARD

Set out below are the top ten securities/investment realised by the Group for the year from 1 July 2008 to 30 June 2009:

Stock code	Stock/company name	Realised gain/(loss) <i>HK\$'000</i> <i>(approximate)</i>
Unlisted	Four Gold OG Limited	1,617
196	Honghua Group Limited	(7,156)
94	Omnicorp Limited	(8,340)
Unlisted	Ferndene Limited	510
Unlisted	Mass Resources Group Limited	500
8139	Prosperity International Holdings (H.K.) Limited	820
1361	361 Degrees International Limited	397
3888	Kingsoft Corporation Limited	(216)
371	Beijing Enterprises Water Group Limited	(662)
228	China Energy Development Holdings Limited	259

Set out below are the top ten securities/investment realised by the Group for the year from 1 July 2009 to 30 June 2010:

Stock code	Stock/company name	Realised gain/(loss) <i>HK\$'000</i> <i>(approximate)</i>
692	Ching Hing (Holdings) Limited	(5,226)
8037	Longlife Group Holdings Limited	9,600
723	Sustainable Forest Holdings Limited	3,164
948	Z-Obee Holdings Limited	5,124
Unlisted	Winwide Management Limited	(2,000)
Unlisted	Easymade Group Limited	(5,000)
851	Sheng Yuan Holdings Limited	(515)
Unlisted	King Alliance Resources Limited	4,419
8203	Kaisun Energy Group Limited	704
705	CVM Minerals Limited	(145)

LETTER FROM THE BOARD

Set out below are the top ten securities/investment realised by the Group for the six months ended from 1 July 2010 to 31 December 2010, being the unaudited interim results of the Group.

Stock code	Stock name	Realised gain/(loss) <i>HK\$'000</i> <i>(approximate)</i>
8082	Sage International Group Limited	14,057
8037	Longlife Group Holdings Limited	489
94	Omnicorp Limited	8,302
956	China Suntien Green Energy Corporation Limited	(15)
8312	Brilliance Worldwide Holdings Limited	3,485
851	Sheng Yuan Holdings Limited	(167)
1163	Dejin Resources Group Company Limited	(55)
8256	Netel Technology (Holdings) Limited	(32)
8203	Kaisun Energy Group Limited	(657)
1020	Sinoref Holdings Limited	(83)

Set out below are the top ten securities/investment held by the Group as at the Latest Practicable Date:

Stock code	Stock/company name	Fair value/Market value <i>HK\$'000</i> <i>(approximate)</i>
Unlisted	Quidam Assets Limited	58,249
8082	Sage International Group Limited	43,243
8037	Longlife Group Holdings Limited	36,890
Unlisted	UCCTV Holdings Limited	32,696
Unlisted	IIN Network Education (BVI) Limited	30,360
1063	SunCorp Technologies Limited	20,002
342	New Ocean Energy Holdings Limited	8,196
948	Z-Obee Holdings Limited	4,046
94	Omnicorp Limited *	2,730
720	Wo Kee Hong (Holdings) Limited	2,723

* presently known as Greenheart Group Limited

The Company is an investment company under Chapter 21 of the Listing Rules with the primary objective of achieving earnings in the form of short to medium term (i.e. less than five years) capital appreciation as well as income from interest and dividends by investing in listed and unlisted companies mainly in Hong Kong and the PRC. The Directors consider the top ten investments made in each of the past three financial years and the six months ended from 1 July 2010 to 31 December 2010 were in line with the Company's investment objectives and policies.

LETTER FROM THE BOARD

As at the Latest Practicable Date, Mr. Yau was interested in 64,205,000 shares of Longlife Group Holdings Limited (representing approximately 6.69% of the total issued share capital of that company). Save as disclosed, none of the Directors held any shares in any investee company whose securities constituted the top ten investments held by the Group as at the Latest Practicable Date.

As at the Latest Practicable Date, the Company has a shareholder, namely Longlife Group Holdings Limited (stock code: 8037), holding approximately 5.93% of the issued share capital of the Company. The Company is holding approximately 16.02% of the issued share capital of Longlife Group Holding Limited as at the Latest Practicable Date. Save as disclosed, according to the register of the members of the Company and to the best of the Director's knowledge, information and belief, the Company is not aware that any of the investee company holds any share in the Company as at the Latest Practicable Date.

POSSIBLE ADJUSTMENTS TO THE CONVERTIBLE BONDS AND THE SHARE OPTIONS

As a result of the Rights Issue, the exercise price and the number of Shares to be issued pursuant to the Options may be adjusted in accordance with the respective terms and conditions of the Share Option Scheme. Further announcement will be made by the Company in respect of such adjustments as and when appropriate.

ADDITIONAL INFORMATION

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

On Order of the Board
Yau Chung Hong
Executive Director

1. THREE-YEAR FINANCIAL INFORMATION

Financial information of the Group for each of the three years ended 30 June 2008, 2009 and 2010 are disclosed in the annual reports of the Company for the years ended 30 June 2008 (pages 23 to 100), 2009 (pages 25 to 96) and 2010 (pages 25 to 104) respectively, which are published on both the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (www.capital-vc.com). The auditor of the Company have not issued any qualified opinion on the Group's financial statements for the financial years ended 30 June 2008, 2009 and 2010.

2. UNAUDITED INTERIM RESULTS

The unaudited consolidated financial statements of the Company for the six months ended 31 December 2010 together with the relevant notes to the accounts are disclosed in the interim report of the Company for the six months ended 31 December 2010 (pages 3 to 19), which are published on both the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (www.capital-vc.com).

3. INDEBTEDNESS

At the close of business on 31 December 2010, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Prospectus, the Group did not have any outstanding bank borrowings, but had the finance lease commitments to approximately HK\$225,000.

The Group has pledged its plant and equipment with carrying value of HK\$nil for the finance lease and financial assets at fair value through profit or loss, which are approximately HK\$127,745,000 to secure margin financing facilities obtained from regulated securities dealers. As at 31 December 2010, these facilities have been utilised up to the extent of HK\$45,027,000.

Contingent liabilities

The Company and Longlife Group Holdings Limited have jointly entered into a tenancy agreement for the lease of office premises for a term of three years from 5 July 2010 to 4 July 2013. As at 31 December 2010, the maximum liabilities of rental and corresponding administrative charges of the Company due to default of payment of Longlife Group Holdings Limited would be HK\$3,866,000.

Disclaimer

Save as aforesaid 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 acceptance or acceptance credits, debentures, mortgages, charges, finance lease or hire purchase commitments, guarantee 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 31 December 2010, being the date to which the latest published unaudited interim results of the Company were made up.

4. WORKING CAPITAL

Provided that the Rights Issues is completed as scheduled (the Directors draw Shareholders' attention to the section headed "Reasons for the Rights Issue and use of proceeds" of this prospectus), the Directors, after due and careful consideration, are of the opinion that, taking into account (i) the internal financial resources; (ii) the estimated net proceeds from the Rights Issues, and (iii) the available credit facilities, the Group will have 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 are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2010, being the date to which the latest published unaudited interim results of the Group were made up.

6. BUSINESS REVIEW FOR THE SIX MONTHS ENDED 31 DECEMBER 2010**Operation Review**

The Company is an investment company under Chapter 21 of the Listing Rules. The Company and its subsidiaries are principally engaged in investment in listed and unlisted companies mainly in Hong Kong and the PRC.

Results Review

During the six months ended 31 December 2010, the Group reported a turnover of approximately HK\$20,696,000 (2009: approximately HK\$20,178,000) and net profit attributable to equity holders of the Company for the six months ended 31 December 2010 of approximately HK\$40,519,000 (2009: approximately HK\$34,914,000). There is no material fluctuation in turnover for the period under review comparing to that for the corresponding period last year. The improvement in the net result is principally attributable to the outstanding performance of the Company's associated company. Profit shared to the Company increased by approximately HK\$6,450,000 in the current period.

As at 31 December 2010, the net asset value of the Group was approximately HK\$384,263,000 (As at 30 June 2010: approximately HK\$317,399,000). In addition to the net profit of approximately HK\$40,519,000 for the current period, proceeds from the placing of 64,910,000 new Shares at HK\$0.35 per Share and proceeds from the exercise of 9,500,000 share options with exercise prices ranging from HK\$0.422 to HK\$0.48 enhanced the Group's net asset value.

Liquidity, Financial Resources and Capital Structure

The Group still maintain a healthy statement of financial position as at 31 December 2010, though the liquidity position is weakened as compared to the situation as at 30 June 2010. The Group's bank balances as at 31 December 2010 amounted to approximately HK\$24,080,000 (As at 30 June 2010: approximately HK\$26,220,000) which represented approximately 7.6% (As at 30 June 2010: approximately 10.6%) of the Group's total current assets. Therefore, the Board consider to issue the rights to subscribe the Company's shares, so as to strengthen the liquidity of the Group to satisfy the Group's expansion in its operating scale.

Following the Company's placing exercise and exercise of share option as mentioned under the heading of "Financial Review", the Company issued 74,410,000 Shares during the period under review and the number of the Company's issued Shares increased from 315,082,177 to 389,492,177.

7. BUSINESS AND TRADING PROSPECTS

In the wake of the global financial crisis, governments all have rapidly implemented various responsive measures, leading to gradual economic recovery around the world. Suffering from lesser impact from the crisis, China has remained its sustainable growth in economy. The stabilizing economic policies adopted by the Chinese government have further strengthened the investors' confidence. Backed by motherland and taking advantages of many favourable factors, Hong Kong has experienced influx of funds, resulting in boom in the stock market. Despite modest fluctuations, the six months ended 31 December 2010 saw a gain of over 2,000 points in the Hang Seng Index with active trading.

During the six months ended 31 December 2010, the Group has actively adjusted its investment strategy succeeded in contraction in profit generating and bringing encouraging results to its shareholders. Considering the flexibility of the investment and developments in financial markets, the Group has been involved in reorganizing investment priorities, dedicated more resources and attention on our listed equities portfolio in Hong Kong in the first half of this fiscal year. In addition, the Group also systematically reduced the financing activities on new private equity investments.

To enhance our capital and shareholder bases, improve the Group's competitiveness as well as participate in diversified high quality projects, the Group obtained net proceeds of approximately HK\$22.17 million from a placing exercise in December 2010. With the injection of new capital, the Group will continue to make more sizeable new investments with attractive returns particularly in the PRC. Apart from listed securities in Hong Kong, the Group has also planned to use the proceeds on sunrise industries including projects related to China natural resources, green energy and operation of cemetery and funeral services which has broad prospects and is actively promoted by the Chinese government.

Looking forward, we expect that global economy will remain on a solid upward trend, and the Hong Kong stock market will remain bullish in the foreseeable future. Riding on the wealth of experience of our management team in China and local markets, we are full of confidence for the future. We will persistently promote our portfolio companies to perform to their full potential. Meanwhile, with our ability in sourcing quality deals, mobilizing management and employing operations resources, the Group will also pursue business opportunities with high potential and continue to optimize the investment portfolio so as to enhance the efficiency of capital utilization massively, and tapping more fruitful returns for our shareholders.

**APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE GROUP IN RESPECT OF THE RIGHTS ISSUE**

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

Introduction

The following is the unaudited pro forma statement of adjusted consolidated net tangible assets (the “Unaudited Pro Forma Financial Information”) of the Group attributable to the owners of the Company has been prepared by the Directors in accordance with Paragraph 4.29 of the Listing Rules to illustrate the effect of the proposed Rights Issue in the proportion of one rights share for every two shares held on the Record Date at HK\$0.30 per Rights Share on the unaudited consolidated net tangible assets of the Group as if the Rights Issue had been taken place on 31 December 2010.

The Unaudited Pro Forma Financial Information is prepared based on the unaudited consolidated net assets of the Group as at 31 December 2010, as extracted from published unaudited interim results of the Group for the six months ended 31 December 2010 set out in the interim report of the Company for the six months ended 31 December 2010 (pages 4 to 5), which are published on both the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (www.capital-vc.com), 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 Rights Issue.

	Unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 December 2010 <i>(Note 2)</i> <i>HK\$'000</i>	Estimated net proceeds from the Rights Issue <i>(Note 3)</i> <i>HK\$'000</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company after completion of the Rights Issue <i>HK\$'000</i>	Unaudited consolidated net tangible assets per share attributable to the owners of the Company as at 31 December 2010 <i>(Note 4)</i> <i>HK\$</i>	Unaudited pro forma adjusted consolidated net tangible assets per share attributable to the owners of the Company after completion of the Rights Issue <i>(Note 5)</i> <i>HK\$</i>
Rights Issue of 194,746,089 Rights Shares <i>(Note 1)</i>	384,263	56,321	440,584	0.99	0.75

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP IN RESPECT OF THE RIGHTS ISSUE

Notes:

1. The issue of 194,746,089 Rights Shares to the Qualifying Shareholders by way of the Rights Issue is based on the number of issued Shares as at the Latest Practicable Date.
2. The unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 December 2010 is arrived at based on the published unaudited interim results of the Group for the six months ended 31 December 2010 of approximately HK\$384,260,000 as set out in the interim report of the Company for the six months ended 31 December 2010 (pages 4 to 5), which are published on both the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (www.capital-vc.com).
3. The estimated net proceeds from the Rights Issue is calculated based on 194,746,089 Rights Shares to be issued at the Subscription Price of HK\$0.30 per Rights Share, after deduction of the estimated related expenses, include among others, underwriting commission, financial advisory fee and other professional fees, which are directly attributable to the Rights Issue, of approximately HK\$2,103,000.
4. The number of Shares used for the calculation of unaudited consolidated net tangible assets per Share is 389,492,178 as at 31 December 2010.
5. The unaudited pro forma adjusted consolidated net tangible assets per Share immediately after the completion of the Rights Issue is calculated based on 584,238,267 Shares in issue upon completion of the Rights Issue, which represents the 389,492,178 in issue as at the Latest Practicable Date and 194,746,089 Rights Shares expected to be issued on the completion of the Right Issue.
6. No adjustment has been made to reflect any trading result or other transaction of the Group entered into subsequent to 31 December 2010.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP IN RESPECT OF THE RIGHTS ISSUE

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

The following is the text of a report received from the reporting accountant of the Company, Cheng and Cheng Limited, in respect of the unaudited pro forma financial information of the Group for the purpose of incorporation in this Prospectus.

23 February 2011

The Board of Directors
Capital VC Limited
Suite 7601B, Level 76
International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong



Dear Sirs,

We report on the unaudited pro forma consolidated net tangible assets (the “Unaudited Pro forma Financial Information”) of Capital VC Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) set out in Appendix II to the Prospectus dated 23 February 2011, which has been prepared by the directors of the Company for illustrative purposes only, to provide information about how the Rights Issue might have affected the consolidated net tangible assets of the Group as if the Rights Issue had been taken place on 31 December 2010. The basis of preparation of the Unaudited Pro forma Financial Information is set out on page 25 to the Prospectus.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND REPORTING ACCOUNTANTS

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 (the “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. 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.

**APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE GROUP IN RESPECT OF THE RIGHTS ISSUE**

Basis of Opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements (HKSIR) 300 “Accountants’ Reports on Pro Forma Financial Information in Investment Circulars” issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with 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, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

The Unaudited Pro forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, 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 31 December 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 purposes of the Unaudited Pro forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Cheng and Cheng Limited

Certified Public Accountants

Li Wing Sum, Steven

Practising Certificate Number: P03747

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

Investment Manager	Tripod Management Limited 901 Wilson House 19 Wyndham Street Central, Hong Kong
Directors of the Investment Manager	Mr. Jim Pok Man Daniel Room 901 Wilson House 19-27 Wyndham Street Central, Hong Kong Mr. Jim Chung Nai Room 901 Wilson House 19-27 Wyndham Street Central, Hong Kong
Custodian	Standard Chartered Bank 15/F, Standard Chartered Tower, 388 Kwun Tong Road Kwun Tong, Kowloon, Hong Kong

The Investment Manager

Tripod Management Limited (“Tripod”) is a company incorporated in Hong Kong in 1999 with limited liability and is a corporation licensed under the SFO. Tripod is responsible to provide investment advisory services for the Company in accordance with the Investment Management Agreement, the Articles and the investment policies of the Company.

The following are the directors of Tripod:

Mr. Jim Pok Man Daniel (“Mr. Jim”), responsible officer and director of Tripod, is licensed to carry out Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO. He is a 18-year veteran in the field of absolute return target investing with a focus in the Greater China region. Started off his career with Nomura International and has extensive working relationships with major European institutions including mutual funds, insurance, proprietary desks and super-nationals. Mr. Jim founded Tripod in 1999, and earned his Bachelor and Master degrees at the Chinese University of Hong Kong and SDA Bocconi in Milan, Italy respectively. Mr. Jim is a Chartered Financial Analyst (CFA) charterholder and has also been very active in carrying out educational work regarding asset management in the Greater China region, helping to train more than 1,000 financial practitioners regarding the topic in conjunction with the Hong Kong Securities Institute since 2002. Mr. Jim is the Managing Director of Tripod and heads its investment committee.

In respect of his experience in asset management, before founding Tripod and while at Nomura International in Europe, Mr. Jim had managed and advised various managed accounts for European institutions including mutual fund houses, insurance companies and supernationals with collective assets of more than US\$300 million for a period of 5 years.

Since the founding of Tripod, Mr. Jim has been running through Tripod two third party funds having a global focus and China focus respectively. Together with a series of managed accounts for local and European family offices, Mr. Jim has been managing and advising more than US\$70 million over the past 8 years and is still actively doing so today.

Mr. Jim Chung Nai holds a Bachelor of Arts degree from the University of Hong Kong. Upon graduation in 1965, Mr. Jim Chung Nai had spent his career serving the Education Department of the Hong Kong government for a period of more than 30 years. During his tenure with the department, he has served as the division head of the training division as well as the adult education division of the Department, among various other appointments, and holds the Diploma of Management Studies for Hong Kong Government Officers by the Chinese University of Hong Kong. Mr. Jim Chung Nai retired in 1997 as the head of the Administration Division of the Department responsible for the Tsuen Wan District of Hong Kong.

The Custodian

Standard Chartered Bank was appointed as the custodian pursuant to the Custodian Agreement.

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

RISKS RELATING TO THE COMPANY

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

INVESTMENT OBJECTIVES AND POLICIES

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

The Company has adopted the following investment policies:

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

7. the investment limit exercisable by the Board for any single investment is the lower of 20% of the Net Asset Value or HK\$10,000,000 or such other amount as may be resolved by the Board from time to time.

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

INVESTMENT RESTRICTIONS

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

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

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

Investment restrictions 3 and 5 can be changed by a resolution of the Board without Shareholders' approval.

BORROWING POWER

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

DISTRIBUTION POLICY

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

FOREIGN CURRENCY MANAGEMENT AND EXCHANGE CONTROL

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

TAXATION

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

FEES AND EXPENSES

The Company will pay the fees of the Investment Manager 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, promotional expenses, registration fees and other expenses due to supervisory authorities in various jurisdictions, insurance, interest and brokerage cost.

Investment management fees

The Company will pay the Investment Manager monthly fee the lesser of (i) HK\$80,000 or (ii) 0.50% per annum of the net asset value (“NAV”) of the Company as at the Valuation Day (ie. the last dealing day of the Stock Exchange in each calendar month or such other dealing day as considered appropriate by the Board for the purpose of calculating the NAV) of the immediately preceding calendar month on the basis of the actual number of days in the relevant calendar month over a year of 365 days pursuant to Investment Management Agreement.

Custodian fees

Pursuant to the Custodian Agreement, the Custodian will receive a fund services fee at a fixed fee per annum per portfolio for the provision of stand reports available for fund services including portfolio valuation, acquisition and disposal statement, cash reconciliation etc., payable in monthly installments and will be reimbursed of all out-of-pocket expenses. In addition, the Custodian will be paid for provision of securities services at the following rate, subject to revision by the Custodian from time to time in accordance with the terms of the Custodian Agreement:

1. custody fee of 0.05% to 0.08% per annum depending on the trading market, payable monthly, based on month-end portfolio valuations and subject to a minimum charge per annum:
2. transaction fee of US\$30 to US\$90 depending on the trading market for each receipt or delivery of securities.

The annual portfolio is charged on a monthly basis on the market value of the portfolio as at month end. The annual portfolio fee includes the Custodian’s charges for safekeeping, preparing registration, collection of income and corporate action processing for the above markets.

The transaction fee will be charged by the Custodian for each transaction and third party expenses and all out-of-pocket expenses will be billed at cost by Custodian.

INVESTMENT PORTFOLIO

The follows are the details of the ten largest investments of the Group as at 31 December 2010, 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 2010. 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 2010.

	Name of investee company	Stock code	Number of shares held	Effective Shareholding interest (Approximate)	Cost/carrying value up to 31 December 2010 (Approximate) HK\$'000	Market value/ fair value as at 31 December 2010 (Approximate) HK\$'000	Unrealised holding gain (loss) arising on revaluation (Approximate) HK\$'000	Dividend received/receivable during the period HK\$'000
(i)	Quidam Assets Limited	-	26,070	18.25%	15,267	58,249	42,982	-
(ii)	Longlife Group Holdings Limited	8037	150,305,000	15.66%	39,610	43,588	3,978	-
(iii)	Sage International Group Limited	8082	20,515,000	9.29%	38,063	41,030	2,967	-
(iv)	UCCTV Holdings Limited	-	2	20.00%	30,000	32,696	2,696	-
(v)	IIN Network Education (BVI) Limited	-	54,022,491	15.00%	20,000	32,360	12,360	-
(vi)	SunCorp Technologies Limited	1063	154,000,000	5.64%	16,927	18,018	1,091	-
(vii)	NewOcean Energy Holdings Limited	342	5,428,000	0.42%	9,662	8,848	(814)	-
(viii)	Z-Obee Holdings Limited	948	2,482,000	0.39%	8,513	4,592	(3,921)	-
(ix)	Sustainable Forest Holdings Limited	723	13,222,500	0.31%	11,738	4,363	(7,375)	-
(x)	Greenheart Group Limited	94	1,396,000	0.20%	2,119	3,699	1,580	-

A brief description of the business and financial information of the listed and unlisted investee companies which represents a significant portion of the Group's assets, based on their latest published annual reports or valuation report.

- (i) Quidam Assets Limited ("Quidam") and its subsidiaries are principally engaged in provision of factoring and guaranty services in the PRC. Quidam is an unlisted equity security.
- (ii) Longlife Group Holdings Limited was incorporated in Cayman Islands and the shares of which are listed on Growth Enterprise Market of the Stock Exchange (stock code: 8037). Longlife Group Holdings Limited is principally engaged in the manufacture, research and development and distribution of consumer cosmetic, health related products, capsules products, health supplement wine and dental materials and equipment and operates only in PRC. For the financial year ended 30 September 2010, the audited consolidated loss attributable to equity holders of Longlife Group Holdings Limited was HK\$16,465,000 with basic loss per share of HK2.42 cents. As at 30 September 2010, its audited consolidated net asset value was HK\$146,717,000.
- (iii) Sage International Group Limited was incorporated in Cayman Islands and continued in Bermuda and the shares of which are listed on Growth Enterprise Market of the Stock Exchange (stock code: 8082). Sage International Group Limited is principally engaged in organize trade exhibitions, publishing industrial magazines and providing printing and design services. For the financial year ended 31 March 2010, the audited consolidated loss attributable to equity holders of Sage International Group Limited was HK\$9,840,000 with basic and diluted loss per share of HK1.01 cents. As at 31 March 2010, its audited consolidated net asset value was HK\$9,219,000.
- (iv) UCCTV Holdings Limited ("UCCTV") and its subsidiaries are principally engaged in production of quality, cultural advertisement. UCCTV is an unlisted equity security.
- (v) IIN Network Education (BVI) Limited ("IIN Network") is an education content services operator to provide comprehensive solutions for educational informatisation. IIN Network is an unlisted equity security.
- (vi) SunCorp Technologies Limited was incorporated in Bermuda and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1063). SunCorp Technologies Limited is principally engaged in the design, manufactures and sales and provision of assembly services of telephones and related products. For the financial year ended 31 December 2009, the audited consolidated loss attributable to equity holders of SunCorp Technologies Limited was HK\$145,354,000 with basic and diluted loss per share HK8.40 cents. As at 31 December 2009, its audited negative consolidated asset value was HK\$122,110,000.

- (vii) NewOcean Energy Holdings Limited was incorporated in Bermuda and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 342). NewOcean Energy Holdings Limited is principally engaged in the sale and distribution of liquefied petroleum gas (“LPG”) and sales of electronic products. For the financial year ended 31 December 2009, the audited consolidated profit from continuing operations attributable to equity holders of NewOcean Energy Holdings Limited was HK\$112,451,000 with basic and diluted earnings per share of HK11.53 cents. As at 31 December 2009, its audited consolidated asset value was HK\$1,016,217,000.
- (viii) Z-Obee Holdings Limited was incorporated in Bermuda and the shares of which are listed in the Main Board of the Stock Exchange (stock code: 948) and Singapore Exchange Securities Trading Limited (stock code: D5N). Z-Obee Holdings Limited is investment holding company. The company’s subsidiaries are principally engaged in provision of mobile handset application design, design and production solution services for mobile handset, assembly of mobile handset and SMT of PCB and distribution and marketing of mobile handset and mobile handset components. For the financial year ended 31 March 2010, the audited consolidated profit attributable to equity holders of Z-Obee Holdings Limited was US\$5,201,563 with basic earnings per share of US1.01 cents. As at 31 March 2010, its audited consolidated asset value was US\$77,366,790.
- (ix) Sustainable Forest Holdings Limited was incorporated in Bermuda and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 723). Sustainable Forest Holdings Limited is principally engaged in tree felling service and sustainable forest management. For the financial year ended 31 March 2010, the audited consolidated profit from continuing operations and discontinued operation attributable to equity holders of Sustainable Forest Holdings Limited was HK\$274,303,000 with basic and diluted earnings per share from continuing and discontinued operations of HK\$19.64 cents and HK\$6.60 cents respectively. As at 31 March 2010, its audited consolidated asset value was HK\$2,506,630,000.
- (x) Greenheart Group Limited (previously name as “Omicorp Limited”) was incorporated in Bermuda and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 94). Greenheart Group Limited is principally engaged in log harvesting, lumber processing, marketing and sales of logs and lumber products, property holding and investment holding. For the financial year ended 31 December 2009, the audited consolidated loss attributable to equity holders of Green heart Group Limited was HK\$96,380,000 with basic loss per share was HK27.0 cents. As at 31 December 2009, its audited consolidated asset value was HK\$510,262,000.

The Group reviews the fair value of its unlisted equity investments to determine whether there is any indication that those investments has required to make provision. At as 31 December 2010, the Group does not aware any provision should be made for those investments.

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

(a) Share Capital

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date; and (ii) immediately following the completion of the Rights Issue are as follows:

(i) As at the Latest Practicable Date

<i>Authorised:</i>		<i>HK\$</i>
<u>2,000,000,000</u>	Shares of HK\$0.10 each	<u>200,000,000.00</u>
<i>Issued:</i>		
<u>389,492,178</u>	Shares of HK\$0.10 each	<u>38,949,218.00</u>

(ii) immediately following the completion of the Rights Issue

<i>Authorised:</i>		<i>HK\$</i>
<u>2,000,000,000</u>	Shares of HK\$0.10 each	<u>200,000,000.00</u>
<i>Issued and to be issued:</i>		
389,492,178	Shares of HK\$0.10 each	38,949,218.00
<u>194,746,089</u>	Rights Shares to be allotted and issued under the Rights Issue	<u>19,474,608.90</u>
<u>584,238,267</u>	Shares in issue immediately after the completion of the Rights Issue	<u>58,423,826.90</u>

All of the Rights Shares to be issued will rank pari passu in all respect with each other, including, in particular, as to dividends, voting rights and capital, and with all the existing Shares in issue as at the date of allotment and issue of the Rights Shares. The Rights Shares to be issued will be listed on the Stock Exchange.

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

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

(b) Options, derivatives, warrants and conversion rights

Set as below were the details of the outstanding Options granted under the Share Option Scheme of the Company as at the Latest Practicable Date:

Date of grant	Number of underlying Shares which are subject of the outstanding Options	Exercise price per Share HK\$	Exercise period
18 May 2010	3,800,000	0.480	18 May 2010 to 17 May 2013

As at the Latest Practicable Date, there are outstanding 3,800,000 Options granted under the Share Option Scheme at exercise price of HK\$0.480 per Share. Assuming the outstanding Options are fully exercised, an additional 3,800,000 Shares will be issued.

Save as disclosed above, the Company did not have any other options, warrant or other convertible securities or rights affecting the Shares as at the Latest Practicable Date.

3. DISCLOSURE OF INTERESTS BY DIRECTORS

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

(a) Long positions in the Shares

Name of Director	Capacity	Number of Shares	Approximate percentage of shareholding
Mr. Yau	Beneficial owner	41,370,000	10.62% <i>(Note)</i>

Note:

The percentage of shareholding in the Company is calculated on the basis of 389,429,178 Shares in issue as at the Latest Practicable Date.

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

4. INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, no persons (other than a Director or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

Save as disclosed above, as at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, no person (other than a Director or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or any options in respect of such capital.

5. DIRECTORS' INTERESTS IN ASSETS/CONTRACTS AND OTHER INTERESTS

- (i) As at the Latest Practicable Date, none of the Directors has, or has had, any direct or indirect interest in any assets which have been acquired, disposed of or leased to or which are proposed to be acquired, disposed of or leased to the Company or any of their respective subsidiaries, respectively, since 30 June 2010, the date to which the latest published audited financial statements of the Group were made up, notwithstanding that the Directors may from time to time, not in their capacities as Directors, hold de minimis investments in non-associated listed companies, the shares of which may also be acquired by or disposed of by the Company during its ordinary course of business.
- (ii) There is no contract or arrangement entered into by any member of the Group, subsisting as at the Latest Practicable Date in which any of the Directors is materially interested and which is significant in relation to the business of the Group as a whole.

6. EXPERTS AND CONSENTS

The following is the qualifications of the experts who have given opinions or advice, which are contained in this Prospectus:

Name	Qualification
Cheng & Cheng Limited	Certified Public Accountants
Tripod Management Ltd.	Investment Manager

As at the Latest Practicable Date, each of Cheng & Cheng Limited and Tripod Management Ltd. did not have any direct or indirect shareholdings in any member of the Group, or any right (whether legal enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, or any interests, directly or indirectly, in any assets which have been acquired, disposed of by or leased to or which are proposed to be acquired, disposed of by or leased to the Company or any of their respective subsidiaries, respectively, since 30 June 2010, being the date to which the latest published audited financial statements of the Group were made up.

Cheng & Cheng Limited and Tripod Management Ltd. have given and have not withdrawn its written consent to the issue of this Prospectus with the inclusion therein of its reports and/or references to its name in the form and context in which they appear.

7. SERVICE CONTRACTS

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

8. LITIGATION

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

9. MATERIAL CONTRACTS

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

- (1) On 16 June 2009, the Company and Mr. Wong Kwong Sing, entered into a subscription agreement pursuant to which Mr. Wong Kwong Sing agreed to subscribe an aggregate amount of 6,904,363 new Shares at the price of HK\$0.315 per Share;
- (2) On 12 October 2009, the Company and VC Brokerage Limited entered into a placing agreement in relation to the placing of 100,000,000 new Shares of the Company under a specific mandate at HK\$0.30 per Share on a best effort basis. The agreement lapsed on 27 October 2009 since certain conditions precedent were not fulfilled;
- (3) On 27 November 2009, the Company and Kingston Securities Limited entered into a placing agreement in relation to the placing of 51,560,000 new Shares of the Company at HK\$0.24 per Share on a best effort basis;
- (4) On 1 December 2010, the Company and Global Broker Services Limited entered into a placing agreement in relation to the placing of 64,910,000 new Shares of the Company at HK\$0.35 per Share; and
- (5) the Underwriting Agreement.

10. CORPORATION INFORMATION

Registered office of the Company

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

Head office and principal place of business
of the Company in Hong Kong

Suite 7601B, Level 76
International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

Share registrar and transfer office of the Company in Hong Kong	Tricor Tengis Limited 26th Floor, Tesbury Centre 28 Queen's Road East Wanchai Hong Kong
Authorised representatives	Mr. Yau Chung Hong Suite 7601B, Level 76 International Commerce Centre 1 Austin Road West Kowloon, Hong Kong Mr. Chan Kwan Pak Suite 7601B, Level 76 International Commerce Centre 1 Austin Road West Kowloon, Hong Kong
Company secretary	Mr. Chan Kwan Pak Suite 7601B, Level 76 International Commerce Centre 1 Austin Road West Kowloon, Hong Kong
Legal advisers to the Company	<i>(As to Hong Kong Law)</i> Chiu & Partners 41/F, Jardine House 1 Connaught Place, Central Hong Kong <i>(As to Cayman Island Law)</i> Conyers Dill & Pearman 2901 One Exchange Square 8 Connaught Place, Central Hong Kong
Auditor	Cheng & Cheng Limited Certified Public Accountants 10th Floor, Allied Kajima Building 138 Gloucester Road, Wanchai Hong Kong
Principal bankers	The Hongkong and Shanghai Banking Corporation Limited No. 1 Queen's Road, Central Hong Kong Hang Seng Bank 83 Des Voeux Road Central Hong Kong

Directors**Particulars of Directors****Name****Address****Executive Directors**

Mr. Yau Chung Hong

Suite 7601B, Level 76
International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

Mr. Chui Tak Keung, Duncan

Suite 7601B, Level 76
International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

Mr. Kong Fanpeng

Suite 7601B, Level 76
International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

Dr. Liu Ta-pei

Suite 7601B, Level 76
International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

Name	Address
Independent non-executive Directors	
Mr. Lam Kwan	Suite 7601B, Level 76 International Commerce Centre 1 Austin Road West Kowloon, Hong Kong
Mr. Chan Ming Sun, Jonathan	Suite 7601B, Level 76 International Commerce Centre 1 Austin Road West Kowloon, Hong Kong
Mr. Shiu Siu Tao	Suite 7601B, Level 76, International Commerce Centre 1 Austin Road West Kowloon, Hong Kong

Executive Directors:

Mr. Yau Chung Hong, aged 40, obtained a Bachelor degree in Accountancy from Hong Kong Polytechnic University. He is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Mr. Yau possesses extensive experience and knowledge in accounting and financial management. Mr. Yau is also an independent non-executive director of China Zenith Chemical Group Limited, Freeman Financial Corporation Limited and Royale Furniture Holdings Limited, the securities of both of which are listed on the main board of The Stock Exchange of Hong Kong Limited.

Mr. Chui Tak Keung, Duncan, aged 41, holds a Bachelor of Science degree (Applied and Engineering Physics) and a Master of Engineering degree (Operations Research and Industrial Engineering) from Cornell University respectively. Mr. Chui is an experienced investor and business manager for direct investment and private equity ventures in Asia. He previously held positions at management consulting firms, Andersen Consulting and A.T. Kearney, as well as a venture capital firm, Transpac Capital Group, which focused on private equity investments in Asia, where Mr. Chui specialised on the consumer products, hospitality industry, as well as telecommunications, media and technology sectors. Mr. Chui is also an executive director and the CEO of China Private Equity Investment Holdings Limited, whose securities are listed on AIM board of the London Stock Exchange.

Mr. Kong Fanpeng, aged 42, obtained a Bachelor's degree in Finance and Auditing from Zhongshan University, the PRC. Mr. Kong was a manager of Huizhou TCL Information System Limited and Guangzhou Bada Telecommunications Limited. He also worked as the general manager of the PRC market and an executive director respectively at Chief Securities Limited in Hong Kong and Excalibur Securities Limited in Hong Kong, specializing in risk averse arbitrage trading in both Shenzhen and Hong Kong capital market. Mr. Kong has a wealth of experience in the Hong Kong

securities market for over 10 years and is well versed in investment in the second board market. Mr. Kong is currently the chairman and an executive director of Shenzhen Wansheng Investment Management Company Limited.

Dr. Liu Ta-pei, aged 59, graduated from Chung-Hsing University in Taiwan. After graduation, he continued his studies in Cheng-Chi University, Taiwan and the University of Southern California, U.S.A. and obtained Master of Science and MBA degrees respectively. He was then conferred his Doctoral degree in public administration from the University of La Verne, U.S.A. Apart from his strong educational background, Dr. Liu has been active in the financial field for more than 20 years. He had been the director respectively of Universal Chinese Securities Finance Co. Ltd., Chung-Hsin Bill Co. Ltd., and Central Investment Holding Company and the chairman of Jen Hua Investment Holding Company. Dr. Liu had also served as CEO of Taiwan KMT (Ruling Party) Business Investment Committee and had served the board of China Development Industry Bank, one of the top management of Taiwan's largest Investment Banks. Dr. Liu had been the CEO and an executive director of the Core Pacific-Yamaichi Group. Because of his outstanding contribution in the financial field, Dr. Liu was granted the honour of 'Golden Peak Award of Outstanding Corporation Leaders in Taiwan' in 1998, and was ranked as one of the 'Top Ten Intelligent Financial Personnel in Greater China' and was conferred the 'Best Integrity Award' in 2008. Dr. Liu is a non-executive director of Rocklands Richfield Limited, a company listed on the Australian Stock Exchange.

Independent non-executive Directors:

Mr. Lam Kwan, aged 41, obtained a Bachelor degree in Accountancy from the Hong Kong Polytechnic University. He is a practising Certified Public Accountant in Hong Kong, a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Mr. Lam is currently a director of Charles H.C. Cheung & CPA Limited.

Mr. Chan Ming Sun, Jonathan, aged 38, graduated from the University of New South Wales, Australia with a Bachelor of Commerce degree in Accounting and Computer Information System. He is an associate member of the Hong Kong Institute of Certified Public Accountants and a member of Certified Public Accountants, Australia. Mr. Chan is currently an associate director of Go-To-Asia Investment Limited. Mr. Chan is also an independent non-executive director of Shenyang Public Utility Holdings Company Limited, whose securities are listed on the main board of the Stock Exchange, and of China Data Broadcasting Holdings Limited, whose securities are listed on the GEM board of the Stock Exchange.

Mr. Shiu Siu Tao, aged 47, obtained a postgraduate degree in finance from the HEC School of Management (Hautes Etudes Commerciales) in Paris, France and a bachelor of business administration degree from the Chinese University of Hong Kong. Mr. Shiu has close to 20 years of experience in the corporate finance field that covers a wide array of industries. He is currently Managing Director of ECM Department at China Merchants Securities (Hong Kong) Company Limited.

11. GENERAL

- (a) The company secretary of the Company is Mr. Chan Kwan Pak, a member of the Institute of Chartered Secretaries and Administrators.
- (b) The English text of this Prospectus and the accompanying PAL and EAF shall prevail over their Chinese texts in case of inconsistencies.

12. EXPENSES

The expenses in connection with the Rights Issue, including the underwriting commission, financial advisory fees, printing, registration, translation, legal and accounting fees, are estimated to be approximately HK\$2.1 million on the basis of 194,746,089 Rights Shares to be issued and will be payable by the Company.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at Suite 7601B, Level 76, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong from the date of this Prospectus up to and including Tuesday, 15 March 2011:

- (a) the Memorandum and the Articles;
- (b) the annual reports of the Company for the three financial years ended 30 June 2008, 30 June 2009 and 30 June 2010 respectively;
- (c) the interim report of the Company for the six months ended 31 December 2010;
- (d) the letter on the unaudited pro forma financial information of the Group issued by Cheng & Cheng Limited, the text of which is set out in Appendix II to this Prospectus;
- (e) the material contracts disclosed in the section headed “Material Contracts” in this Appendix; and
- (f) the written consents from the experts as referred to in the section headed “Experts” in this appendix.

14. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

A copy of each of the Prospectus, the PAL and the EAF, having attached thereto the written consents referred to under the paragraph headed “Expert” in this appendix, have been registered by the Registrar of Companies in Hong Kong pursuant to section 342C of the Companies Ordinance.

15. 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 Section 44A and 44B of the Companies Ordinance, so far as applicable.