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## THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Capital VC Limited, you should at once hand the Prospectus Documents (as defined herein) to the purchaser or the transferee or to the bank manager, licensed securities dealer or registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

A copy of each of the Prospectus Documents, together with the written consent referred to in the paragraph headed "Expert and Consent" in Appendix IV to this prospectus, have been registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of any of these documents.

Dealings in the securities of the Company may be settled through CCASS (as defined herein) and you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser for details of the settlement arrangements and how such arrangements may affect your rights and interests. Subject to the granting of the listing of, and permission to deal in, the Offer Shares (as defined herein) and the Warrant Shares (as defined herein) on the Stock Exchange (as defined herein) as well as compliance with the stock admission requirements of HKSCC (as defined herein), the Offer Shares and the Warrant Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Offer Shares and the Warrant Shares 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.

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.

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CAPITAL  
VC LIMITED

首都創投有限公司

# Capital VC Limited 首都創投有限公司

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

(Stock Code: 02324)

## OPEN OFFER ON THE BASIS OF 4 OFFER SHARES FOR EVERY 1 EXISTING SHARE HELD ON THE RECORD DATE WITH THE BONUS ISSUE ON THE BASIS OF 1 BONUS WARRANT FOR EVERY 4 OFFER SHARES TAKEN UP UNDER THE OPEN OFFER

Financial adviser to the Company

**AMASSE CAPITAL**  
寶 積 資 本

Underwriter

**TANRICH**

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Terms used in this cover page have the same meanings as defined in this prospectus.

The latest time for acceptance of and payment for the Open Offer is at 4:00 p.m. on Wednesday, 9 April 2014. The procedures for application and payment of the Offer Shares are set out on page 13 of this prospectus.

It should be noted that the Shares have been dealt in on an ex-entitlement basis commencing from Wednesday, 19 March 2014. Shareholders and potential investors should seek professional advice regarding dealings in the Shares if they are in any doubt.

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

26 March 2014

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## DEFINITIONS

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

“Announcement”	the announcement of the Company dated 27 January 2014 in relation to, among others, the Open Offer with the Bonus Issue
“Application Form(s)”	the form(s) of application in respect of the Open Offer
“associates”	has the meaning as in the Listing Rules
“Board”	the board of Directors
“Bonus Issue”	the issue of Bonus Warrants
“Bonus Warrant(s)”	the bonus warrant(s) to be issued by the Company to the first holders of the Offer Shares on the basis of one Bonus Warrant for every four Offer Shares taken up under the Open Offer, conferring rights on the holder(s) thereof to subscribe for the Warrant Share(s) at the Exercise Price
“business day”	a day (other than a Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	Capital VC Limited, a company incorporated in the Cayman Islands with limited liability and carrying on business in Hong Kong as CNI VC Limited, whose shares are listed on the main board of the Stock Exchange
“Convertible Bonds”	the convertible bonds with an aggregate principal amount of HK\$20,000,000 issued on 27 March 2013 which were all converted into Shares at conversion price of HK\$1.00 per Share in March 2014
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company held on 17 March 2014 to consider and approve the Underwriting Agreement and the Open Offer with the Bonus Issue

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## DEFINITIONS

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“Excluded Shareholder(s)”	the Overseas Shareholders to whom the Board, based on legal opinions provided by legal advisers, considers it necessary or expedient not to offer the Offer Shares and the Bonus Warrants on account either of legal restrictions under the laws of relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Exercise Price”	the price payable for each Warrant Share on exercise of the subscription rights attaching to the Bonus Warrants, which is initially set at HK\$0.25 per Warrant Share (subject to adjustments)
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Shareholders”	Shareholder(s) other than any controlling Shareholders and their associates or, where there are no controlling Shareholders, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates
“Investment Management Agreement”	the management agreement entered into between the Company and the Investment Manager
“Investment Manager”	China Angel Fund Management (HK) Company Limited, a company incorporated in Hong Kong
“Last Trading Day”	Monday, 27 January 2014, being the last trading day for the Shares of the Company immediately prior to the release of the Announcement
“Latest Practicable Date”	21 March 2014, being the latest practicable date for ascertaining certain information in this prospectus
“Latest Time for Acceptance”	4:00 p.m. on Wednesday, 9 April 2014 or such other time or date as may be agreed between the Underwriter and the Company, being the latest time for acceptance of, and payment for, the Offer Shares
“Latest Time for Termination”	4:00 p.m. on Friday, 11 April 2014 or such other time or date as may be agreed between the Underwriter and the Company, being the latest time to terminate the Underwriting Agreement

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## DEFINITIONS

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“Listing Committee”	has the meaning ascribed thereto in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Offer Share(s)”	685,572,096 new Shares to be issued by the Company pursuant to the Open Offer
“Open Offer”	the proposed issue of Offer Shares by way of open offer on the basis of four Offer Shares for every one existing Share held on the Record Date to the Qualifying Shareholders on the terms to be set out in the Prospectus Documents
“Overseas Shareholder(s)”	the Shareholders with registered addresses (as shown in the register of members of the Company on the Record Date) which are outside Hong Kong
“PRC”	the People’s Republic of China
“Prospectus Documents”	this prospectus and the Application Form(s)
“Prospectus Posting Date”	26 March 2014 or such other date as may be agreed between the Underwriter and the Company for the despatch of the Prospectus Documents
“Qualifying Shareholder(s)”	the Shareholder(s), other than the Excluded Shareholder(s), whose name(s) appear(s) on the register of members of the Company on the Record Date
“Record Date”	25 March 2014, the date for the determination of the entitlements to participate in the Open Offer
“Registrar”	the Company’s share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong (to be relocated to Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong with effect from 31 March 2014)
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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## DEFINITIONS

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“Subscription Price”	subscription price of HK\$0.25 per Offer Share
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Underwriter”	Tanrich Securities Company Limited, a licensed corporation to carry on Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Underwriting Agreement”	the underwriting agreement dated 27 January 2014 (as supplemented on 24 February 2014) entered into between the Company and the Underwriter in relation to the underwriting of the Underwritten Shares
“Underwritten Shares”	Not less than 605,572,096 Offer Shares and not more than 685,572,096 Offer Shares
“Warrant Share(s)”	the new Share(s) to be issued by the Company upon exercise of the subscription rights attaching to the Bonus Warrant(s)
“%”	per cent.

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## EXPECTED TIMETABLE

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

### **Event**

Latest time for payment for and acceptance of the Open Offer . . . . .	4:00 p.m. on Wednesday, 9 April 2014
Latest time for the Open Offer becomes unconditional . . . . .	4:00 p.m. on Friday, 11 April 2014
Announcement on results of the Open Offer . . . . .	Wednesday, 16 April 2014
Share certificates of Offer Shares and Bonus Warrants to be posted . . . . .	Thursday, 17 April 2014
Dealings in Offer Shares expected to commence. . . . .	Tuesday, 22 April 2014

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

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

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

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

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## TERMINATION OF THE UNDERWRITING AGREEMENT

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

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

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

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## LETTER FROM THE BOARD

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CAPITAL  
VC LIMITED

首都創投有限公司

### Capital VC Limited 首都創投有限公司

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

**(Stock Code: 02324)**

*Executive Directors:*

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

*Independent non-executive Directors:*

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

*Registered Office:*

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

*Principal place of business  
in Hong Kong:*

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

26 March 2014

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

Dear Sir or Madam,

**OPEN OFFER ON THE BASIS OF  
4 OFFER SHARES FOR EVERY 1 EXISTING SHARE HELD ON THE  
RECORD DATE WITH THE BONUS ISSUE ON THE BASIS OF 1 BONUS WARRANT  
FOR EVERY 4 OFFER SHARES TAKEN UP UNDER THE OPEN OFFER**

#### INTRODUCTION

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

At the EGM, the resolution for approving, inter alia, the Open Offer with the Bonus Issue and the Underwriting Agreement was duly passed by the Independent Shareholders.

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## LETTER FROM THE BOARD

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The purpose of this Prospectus is to provide you with, among others, further details of the Open Offer with the Bonus Issue.

### PROPOSED OPEN OFFER WITH THE BONUS ISSUE

#### Issue statistics

Basis of the Open Offer: Four (4) Offer Shares for every one (1) existing Share held on the Record Date, together with one (1) Bonus Warrant for every four (4) Offer Shares taken up under the Open Offer.

Subscription Price: HK\$0.25 per Offer Share

Exercise Price of the Bonus Warrant: HK\$0.25 per Warrant Share

Number of Shares in issue as at the Record Date: 171,393,024 Shares

Number of Offer Shares: 685,572,096 Offer Shares

The aggregate nominal value of the total Offer Shares will be HK\$685,572.096.

Number of Bonus Warrants: 171,393,024 Bonus Warrants to be issued to the first registered holders of the Offer Shares on the basis of one Bonus Warrant for every four Offer Shares taken up under the Open Offer.

The aggregate nominal value of the total Warrant Shares will be HK\$171,393.024.

Number of Shares (before the exercise of the subscription rights attaching to any Bonus Warrants) in issue upon completion of the Open Offer: 856,965,120 Shares

Number of Shares (after full exercise of the subscription rights attaching to the Bonus Warrants) in issue upon completion of the Open Offer: 1,028,358,144 Shares

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## LETTER FROM THE BOARD

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Amount raised before expenses: approximately HK\$171 million

Upon full exercise of the subscription rights attaching to the Bonus Warrants, an addition of approximately HK\$43 million will be raised.

685,572,096 Offer Shares proposed to be allotted pursuant to the Open Offer represent: (i) 400% of the issued share capital of the Company as at the Latest Practicable Date; (ii) 80% of the issued share capital of the Company as enlarged by the allotment and issue of the Offer Shares; and (iii) approximately 66.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Offer Shares and the Warrant Shares.

### **Bonus Warrants**

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

There will be 171,393,024 Bonus Warrants to be issued.

The subscription rights attaching to the Bonus Warrants may be exercised at any time between the issue date of the Bonus Warrants and the second anniversary of the issue date of the Bonus Warrants (if that is not a business day, the first business day immediately preceding such day) (both dates inclusive).

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

### **Subscription Price and initial Exercise Price**

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

The Subscription Price and the initial Exercise Price represents:

- (a) a discount of approximately 59.02% to the closing price of HK\$0.61 per Share as quoted on the Stock Exchange on 27 January 2014, being the Last Trading Day;
- (b) a discount of approximately 22.36% to the theoretical ex-entitlements price of approximately HK\$0.322 per Share based on the closing price of HK\$0.61 per Share as quoted on the Stock Exchange on the Last Trading Day;

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## LETTER FROM THE BOARD

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- (c) a discount of approximately 62.01% to the average closing price of approximately HK\$0.658 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day;
- (d) a discount of approximately 62.91% to the average closing price of approximately HK\$0.674 per Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day; and
- (e) a discount of approximately 25.37% to the closing price of HK\$0.335 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

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

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

Assuming the subscription rights attaching to the Bonus Warrants are fully exercised, the estimated net proceeds of approximately HK\$43 million will be raised. The net price per Warrant Share is approximately HK\$0.25. It is intended that such net proceeds, if any, will be applied towards the general working capital of the Group.

### **Conditions of the Open Offer**

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

- (1) the approval of the Independent Shareholders at the EGM in relation to the Open Offer;
- (2) the Company shall procure that the Offer Shares are provisionally allotted by a resolution of the Board on the terms set out in the Prospectus Documents to the Shareholders on or before the Prospectus Posting Date;

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## LETTER FROM THE BOARD

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- (3) the Company shall, following the issue of a certificate of authorisation of registration under section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, procure a copy of the Prospectus Documents (duly signed by or on behalf of each Director in accordance with section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) to be delivered to the Registrar of Companies in Hong Kong for registration together with any other documents required by applicable law or regulation to be annexed thereto on or before the Prospectus Posting Date;
- (4) (if necessary) the Company shall procure a copy of the Prospectus Documents to be delivered to the Registrar of Companies in the Cayman Islands for filing on or before the Prospectus Posting Date;
- (5) the delivery to the Underwriter certified copies of the minutes of the EGM and the board resolution as mentioned in condition (2) on or before the Prospectus Posting Date;
- (6) the posting of the Prospectus Documents to Qualifying Shareholders and the posting of the Prospectus stamped “For Information Only” to the Excluded Shareholders, if any, for information purpose only on or before the Prospectus Posting Date;
- (7) the Listing Committee of the Stock Exchange granting or agreeing to grant and not having withdrawn or revoked listing of and permission to deal in all the Offer Shares and the Warrant Shares, either unconditionally or subject to such conditions which the Underwriter in its opinion accepts and satisfies (if any);
- (8) compliance with the requirements under the applicable laws and regulations of Hong Kong and the Cayman Islands;
- (9) the obligations of the Underwriter under the Underwriting Agreement not being terminated by the Underwriter in accordance with the terms of the Underwriting Agreement; and
- (10) none of the representations, warranties and undertakings in the Underwriting Agreement being breached, untrue, inaccurate or misleading in any material respect.

The conditions precedent are incapable of being waived. If the conditions precedent are not satisfied in whole or in part by the Latest Time for Termination, the Underwriting Agreement shall terminate and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches, and in which case the Open Offer with the Bonus Issue will not proceed. As at the Latest Practicable Date, only conditions (1), (2) and (5) and been fulfilled.

### **Status of the Offer Shares and Warrant Shares**

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

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## LETTER FROM THE BOARD

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

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

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

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

### **Qualifying Shareholder**

The Record Date is Tuesday, 25 March 2014. The Open Offer with the Bonus Issue is only available to the Qualifying Shareholders.

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

### **Certificates of the Offer Shares and the Bonus Warrants**

Subject to the fulfillment of the conditions of the Open Offer with the Bonus Issue, certificates for the Offer Shares and the Bonus Warrants are expected to be posted to the Qualifying Shareholders who have accepted and applied for (where appropriate), and paid for the Offer Shares on or about Thursday, 17 April 2014 by ordinary post at their own risk. One share certificate for all the fully-paid Offer Shares and one warrant certificate for all the Bonus Warrants (if any) will be issued to those entitled pursuant to the Open Offer and the Bonus Issue respectively.

### **Rights for Overseas Shareholders**

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

Based on the register of members of the Company, the Company does not have any Overseas Shareholders as at the Record Date. Therefore, there are no Excluded Shareholder for the purpose of the Open Offer with the Bonus Issue.

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## LETTER FROM THE BOARD

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### **Procedures for application and payment for the Offer Shares**

Qualifying Shareholders will find the Application Form enclosed with this prospectus which entitles them to subscribe for the number of Offer Shares shown therein. If the Qualifying Shareholders wish to accept all the Offer Shares provisionally allotted to them as specified in the Application Form or any lesser number of such Offer Shares, they must lodge the Application Form in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar by no later than 4:00 p.m. on Wednesday, 9 April 2014. All remittances must be made by cheque or cashier's order in Hong Kong dollars. Cheques must be drawn on an account with, and banker's cashier orders must be issued by, a licensed bank in Hong Kong and made payable to "**Capital VC Limited – Open Offer Account**" and crossed "**Account Payee Only**".

It should be noted that unless the duly completed Application Form, together with the appropriate remittance, have been lodged with the Registrar by 4:00 p.m. on Wednesday, 9 April 2014 by a Qualifying Shareholder, his/her/its entitlement to apply under the Open Offer will be deemed to have been declined and will be cancelled.

All cheques or banker's cashier orders will be presented for payment immediately upon receipt and all interest earned on such application monies (if any) will be retained for the benefit of the Company. Any Application Form in respect of which the accompanying cheque and/or cashier's order is dishonoured on first presentation is liable to be rejected, and, in such event, the relevant entitlements thereunder will be deemed to have been declined and will be cancelled. No receipt will be issued in respect of any Application Form or any application monies received.

If the Underwriter exercises the rights to terminate the Underwriting Agreement or if the conditions of the Open Offer are not fulfilled, the monies received in respect of acceptances of the Offer Shares will be refunded to the Qualifying Shareholders or in case of joint applicants, to the first-named applicant, without interest by means of cheques despatched by ordinary post to their respective registered addresses at their own risk as soon as practicable thereafter.

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

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

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

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## LETTER FROM THE BOARD

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### Taxation

Qualifying Shareholders are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of holding or dealing in the Offer Shares or the Warrant Shares. It is emphasized that none of the Company, its Directors or any other parties involved in the Open Offer accept responsibility for any tax effects or liability of holders of the Offer Shares or the Warrant Shares resulting from holding or disposal of, or dealing in of the Offer Shares or the Warrant Shares.

### UNDERWRITING AGREEMENT

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

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

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

As at the Latest Practicable Date, the Underwriter has not entered into any sub-underwriting arrangement with any sub-underwriter or appointed any person to be sub-agents for the placing of the Underwritten Shares.

The Directors are of the opinion that the terms of the Underwriting Agreement and the amount of commission given to the Underwriter are fair as compared to the market practice and commercially reasonable as agreed between the Company and the Underwriter.

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

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## LETTER FROM THE BOARD

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

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

Further to the Company's positive profit alert announcement dated 15 January 2014, the Company expressed that it had recorded a significant increase in profit attributable to the Shareholders for the six months period ended 31 December 2013. Such increase was mainly due to the Group's successful investment in listed securities in Hong Kong. However, the significant increase in profits was produced at the expense of its capital structure. As at 31 January 2014, the Group had borrowed approximately HK\$42 million margin financing (that incurs interest expenses) in supporting its investment in listed securities. Besides, the Group has an unsecured loan in the principal amount of HK\$14 million which will be due in April 2014.

The Group's cash and bank balances and cash balance held in securities accounts as at 31 January 2014 amounted in aggregate to HK\$47 million, which is insufficient to repay the above loans. As such, the Group would like to raise additional capital for the purpose of repayment of margin financing and the unsecured loan, and equip itself with a healthier and stronger capital base to further invest in the securities market to produce an excellent result for the full year ended 30 June 2014.

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

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

The gross proceeds of the Open Offer will be approximately HK\$171 million. The estimated net proceeds of the Open Offer will be approximately HK\$166 million and the Company intends to apply such net proceeds in the following manner:

- (1) as to approximately HK\$50 million for the purpose of repayment of the margin financing and the unsecured loan;

## LETTER FROM THE BOARD

- (2) as to approximately HK\$96 million for further investment in listed securities in the industries including but not limited to the natural resources, health and pharmaceutical, forestry, retail, communication technology, software and information technology consultancy, media, industrial, environmental protection, education, food production and distribution, and online and mobile game businesses; and
- (3) as to approximately HK\$20 million for general working capital of the Group for the next two years.

As at the Latest Practicable Date, the Company does not have any specific investment targets.

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

### WARNING OF THE RISKS OF DEALING IN SHARES

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

### CHANGES IN SHAREHOLDING STRUCTURE

Assuming that there is no change in the issued share capital of the Company from the Record Date up to the date of full exercise of the Bonus Warrants except for the issue of the Offer Shares and the Warrant Shares, the shareholding structure of the Company is set out as follows (for illustration purposes only):

	As at the Record Date		Immediately upon completion of the Open Offer (assuming all Shareholders have taken up the Offer Shares and without taking into account any Warrant Shares that may be issued)		Immediately upon completion of the Open Offer (assuming no Shareholder has taken up the Offer Shares and without taking into account any Warrant Shares that may be issued)		Immediately upon completion of the Open Offer (assuming all Shareholders have taken up the Offer Shares) and the subscription rights of all the Bonus Warrants have been exercised in full		Immediately upon completion of the Open Offer (assuming no Shareholder has taken up the Offer Shares) and the subscription rights of all the Bonus Warrants have been exercised in full	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Underwriter, sub-underwriter(s) and/or subscribers procured by any of them (excluding the two subscribers hereunder)	-	-	-	-	525,572,096	61.33	-	-	656,965,120	63.88
<b>Public Shareholders</b>										
Two subscribers procured by the Underwriter (Note)	-	-	-	-	160,000,000	18.67	-	-	200,000,000	19.45
Other Shareholders	171,393,024	100	856,965,120	100	171,393,024	20	1,028,358,144	100	171,393,024	16.67
Sub-total of the public Shareholders	171,393,024	100	856,965,120	100	331,393,024	38.67	1,028,358,144	100	371,393,024	36.12
Total	171,393,024	100	856,965,120	100	856,965,120	100	1,028,358,144	100	1,028,358,144	100

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## LETTER FROM THE BOARD

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*Note:*

As at the Latest Practicable Date, each of Jacob Kingdom Holdings Limited and Mr. Wang Zhendong, the subscribers procured by the Underwriter, has agreed to subscribe for up to 80,000,000 Offer Shares under the Open Offer if it/he is called upon by the Underwriter to take up the Offer Shares. Jacob Kingdom Holdings Limited, its ultimate beneficial owner and Mr. Wang Zhendong are third parties independent of the Company and its connected person. The principal business of Jacob Kingdom Holdings Limited is investment holding.

### FUND RAISING EXERCISES OF THE COMPANY

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

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

### ADDITIONAL INFORMATION

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

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

**1. SUMMARY OF FINANCIAL RESULTS**

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

**2. INDEBTEDNESS**

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

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

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

**3. WORKING CAPITAL STATEMENT**

The Directors are of the opinion that, taking into account the expected completion of the Open Offer and Bonus Issue on 17 April 2014 and the financial resources available to the Group, including the internally generated funds and the available banking facilities, the Directors are of the opinion that the Group has sufficient working capital for its present requirements, that is for at least the next 12 months commencing from the date of this prospectus.

**4. WORKING CAPITAL MANAGEMENT POLICY**

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

**5. MATERIAL CHANGE**

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

**6. FINANCIAL AND TRADING PROSPECTS OF THE GROUP**

The Group had recorded an increase in unaudited profit attributable to equity holders of the Company for the six-month period ended 31 December 2013 as compared to the unaudited profit of approximately HK\$3.0 million for the corresponding period in 2012 and the audited loss attributable to equity holders of the Company of approximately HK\$7.8 million for the year ended 30 June 2013. The improvement is principally due to the outstanding performance of listed securities held by the Group.

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

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

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

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

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

		<i>HK\$</i>	<b>No. of Shares outstanding</b>	<b>Per Share</b> <i>HK\$</i>
Audited consolidated net tangible assets of the Group attributable to the equity shareholders of the Company as at 30 June 2013	<i>Note 1</i>	372,176,529	100,928,683	3.6875
Adjusted for rights issue of one right share for every two existing shares (“ <b>Rights Issue</b> ”)	<i>Note 2</i>	30,901,822	50,464,341	0.6123
Adjusted for conversion of Convertible Bonds	<i>Note 3</i>	17,743,134	20,000,000	
Unaudited adjusted consolidated net tangible assets of the Group attributable to the equity shareholders of the Company after Rights Issue and conversion of Convertible Bonds	<i>Note 4</i>	420,821,485	171,393,024	2.6625
Estimated net proceeds from the Open Offer	<i>Note 5</i>	166,393,024	685,572,096	
Estimated net proceeds from the Bonus Issue	<i>Note 6</i>	42,848,256	171,393,024	
Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the equity shareholders of the Company after the completion of Open Offer and Bonus Issue	<i>Note 7</i>	630,062,765	1,028,358,144	0.6127

*Notes:*

- (1) The audited consolidated net tangible assets attributable to equity shareholders of the Company at 30 June 2013 is extracted from the published annual report of the Company for the year ended 30 June 2013.
- (2) Pursuant to the prospectus dated 4 July 2013, the Company issue rights shares on the basis of one right share for every two existing shares. Prior to the Rights Issue, the number of Shares in issue was 100,928,683. Number of Shares in issue immediately upon the Right Issue is 151,393,024. The estimated net proceeds from the issue of the rights shares of approximately HK\$30,901,822 are based on 50,464,341 rights shares to be issued at the subscription price of HK\$0.65 per rights share and after deduction of estimated related expenses of approximately HK\$1,900,000. The difference is adjusted to reflect the number of Shares before the Open Offer and the Bonus Issue.
- (3) In March 2014, the Convertible Bonds with an aggregate principal amount of HK\$20,000,000 were all converted into Shares at conversion price of HK\$1.00 per Share. The carrying amount of the Convertible Bonds as at 30 June 2013 was HK\$17,743,134.
- (4) The calculation of the unaudited adjusted consolidated net tangible assets attributable to equity shareholders of the Company after Rights Issue per Share is based on the unaudited adjusted consolidated net tangible assets attributable to equity shareholders of the Company of HK\$420,821,485 after the completion of Rights Issue and conversion of Convertible Bonds and on the basis of 171,393,024 Shares in issue after the Rights Issue and conversion of Convertible Bonds.
- (5) The estimated net proceeds from the issue of the Open Offer of HK\$166,393,024 are based on 685,572,096 Offer Shares to be issued at the Subscription Price of HK\$0.25 per Offer Share (on the basis of 171,393,024 Shares in issue as at the Record Date) and after deduction of estimated related expenses of approximately HK\$5,000,000.
- (6) The estimated net proceeds from the Bonus Issue of HK\$42,848,256 is calculated based on 171,393,024 Warrant Shares to be issued upon full exercise of 171,393,024 Bonus Warrants (on the basis of 1 Bonus Warrant for every 4 Offer Shares taken up) at the initial exercise price of HK\$0.25 per Warrant Share.
- (7) The unaudited pro forma adjusted consolidated net tangible assets attributable to equity shareholders of the Company per Share after completion of the Open Offer and Bonus Issue is calculated based on the unaudited pro forma adjusted consolidated net tangible assets attributable to equity shareholders of the Company after the completion of the Open Offer and Bonus Issue of HK\$630,062,756 and on the basis of 1,028,358,144 Shares in issue, representing an aggregate of 171,393,024 Shares in issue after adjusted for the effect of the 685,572,096 Offer Shares (calculated on the basis of 171,393,024 Shares in issue as at the Record Date) issued under the Open Offer and 171,393,024 Warrant Shares issued upon full exercise of 171,393,024 Bonus Warrants (on the basis of 1 Bonus Warrant for every 4 Offer Shares taken up) assuming the Open Offer and Bonus Issue has been completed on 30 June 2013.
- (8) No adjustment other than those adjusted above has been made to reflect any trading results or other transactions of the Group subsequent to 30 June 2013 except for the Rights Issue noted in note 2 and conversion of Convertible Bonds in note 3 above.

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

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

TO THE DIRECTORS OF CAPITAL VC LIMITED

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

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

**Directors' Responsibility for the Pro Forma Financial Information**

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

**Reporting Accountant's Responsibilities**

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

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

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

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant transaction on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction at 17 April 2014 would have been as presented.

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

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

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

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

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

**Opinion**

In our opinion:

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

Yours faithfully,

**Cheng & Cheng Limited**  
*Certified Public Accountants*

**Chan Shek Chi**

Practising Certificate Number: P05540

26 March 2014

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

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

## 1. DEFINITIONS

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

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

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

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

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

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

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

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

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

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

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

“**Registrar**” means the share registrar of the Company in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong (to be relocated to Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong with effect from 31 March 2014);

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

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

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

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

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

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

**“Subscription Rights”** means the rights of the Warranholders represented by the Bonus Warrants to subscribe in a maximum aggregate amount of HK\$42,848,256 for Shares pursuant to the Bonus Warrants, and in relation to each Bonus Warrant, means the right of the relevant Warranholder to subscribe the Exercise Moneys for Shares upon and subject to the Conditions; and

**“Subsidiary”** means a company which is for the time being and from time to time a subsidiary (within the meaning of section 2 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong)) of the Company whether incorporated in Hong Kong, the Cayman Islands or elsewhere.

## 2. EXERCISE OF SUBSCRIPTION RIGHTS

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

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

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

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

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

### **3. ADJUSTMENTS OF SUBSCRIPTION PRICE**

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

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

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

- (v) an issue of Shares pursuant to a scrip dividend scheme where an amount not less than the nominal amount of the Shares so issued is capitalised and the market value (calculation as provided in the Instrument) of such Shares is not more than 120 per cent. of the amount of dividend which holders of Shares could elect to or would otherwise receive in cash.
  
- (C) Notwithstanding the provisions referred to in sub-paragraphs (A) and (B) above, in any circumstances where the Directors shall consider that an adjustment to the Subscription Price provided for under the said provisions should not be made or should be calculated on a different basis or that an adjustment to the Subscription Price should be made notwithstanding that no such adjustment is required under the said provisions or that an adjustment should take effect on a different date or at a different time from that provided for under the said provisions, the Company may appoint either an approved merchant bank or the Auditors to consider whether for any reason whatever the adjustment to be made (or the absence of adjustment) would or might not fairly and appropriately reflect the relative interests of the persons affected thereby and, if such approved merchant bank or the Auditors (as the case may be) shall consider this to be the case, the adjustment shall be modified or nullified or an adjustment made instead of no adjustment in such manner (including, without limitation, making an adjustment calculated on a different basis) and/or the adjustment shall take effect from such other date and/or time as shall be certified by such approved merchant bank or the Auditors (as the case may be) to be in their opinion appropriate.
  
- (D) Any adjustment to the Subscription Price shall be made to the nearest one cent so that any amount under half a cent shall be rounded down and any amount of half a cent or more shall be rounded up. No adjustment shall be made to the Subscription Price in any case in which the amount by which the same would be reduced would be less than one cent and any adjustment which would otherwise then be required shall not be carried forward. No adjustment may be made (except on a consolidation of Shares into Shares of a larger nominal amount) which would increase the Subscription Price.
  
- (E) Every adjustment to the Subscription Price will be certified by the Auditors or an approved merchant bank in accordance with sub-paragraph (C) above and notice of each adjustment (giving the relevant particulars) will be given to the Warrantholders. In giving any certificate or making any adjustment hereunder, the Auditors or the approved merchant bank shall be deemed to be acting as experts and not as arbitrators and, in the absence of manifest error, their decision shall be conclusive and binding on the Company and the Warrantholders and all persons claiming through or under them respectively. Any such certificates of the Auditors and/or approved merchant bank will be available at the principal place of business for the time being of the Company in Hong Kong, where copies may be obtained without charge.

**4. REGISTERED WARRANTS**

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

**5. WINDING-UP OF THE COMPANY**

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

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

**6. TRANSFER, TRANSMISSION AND REGISTER**

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

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

#### **7. CLOSURE OF REGISTER OF WARRANTHOLDERS**

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

#### **8. PURCHASE AND CANCELLATION**

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

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

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

#### **9. MEETINGS OF WARRANTHOLDERS AND MODIFICATION OF RIGHTS**

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

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

#### **10. OVERSEAS WARRANTHOLDERS**

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

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

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

#### **11. REPLACEMENT OF WARRANT CERTIFICATES**

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

In the case of lost Warrant Certificates, sections 162 to 169 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) shall apply as if reference to "shares" therein included Bonus Warrants.

**12. PROTECTION OF SUBSCRIPTION RIGHTS**

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

**13. CALL**

If at any time Bonus Warrants which have not been exercised carry rights to subscribe less than 10 per cent. in value of all Subscription Rights, being HK\$4,284,825.6, the Company may, on giving not less than 3 months' notice, require Warrantholders either to exercise their Subscription Rights or to allow them to lapse. On expiry of such notice, all unexercised Bonus Warrants will be automatically cancelled without compensation to holders of such Bonus Warrants.

**14. FURTHER ISSUES**

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

**15. UNDERTAKINGS BY THE COMPANY**

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

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

**16. NOTICES**

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

**17. GOVERNING LAW**

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

## 1. RESPONSIBILITY STATEMENT

This 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 respect 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

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

### (i) As at the Latest Practicable Date

<i>Authorised capital:</i>		<i>HK\$</i>
<u>200,000,000,000</u>	Shares of HK\$0.001 each	<u>HK\$200,000,000</u>
<i>Issued and fully paid:</i>		
<u>171,393,024</u>	Shares of HK\$0.001 each as at the Latest Practicable Date	<u>HK\$171,393.024</u>

### (ii) immediately following completion of the Open Offer

<i>Authorised capital:</i>		<i>HK\$</i>
<u>200,000,000,000</u>	Shares of HK\$0.001 each	<u>HK\$200,000,000</u>
<i>Issued and fully paid:</i>		
171,393,024	Shares of HK\$0.001 each	HK\$171,393.024
<u>685,572,096</u>	Offer Shares to be issued under the Open Offer	<u>HK\$685,572.096</u>
<u>856,965,120</u>		<u>HK\$856,965.120</u>

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

<i>Authorised capital:</i>		<i>HK\$</i>
<u>200,000,000,000</u>	Shares of HK\$0.001each	<u>HK\$200,000,000</u>
<i>Issued and fully paid:</i>		
171,393,024	Shares of HK\$0.001each	HK\$171,393.024
685,572,096	Offer Shares to be issued under the Open Offer	HK\$685,572.096
171,393,024	Warrant Shares to be allotted and issued upon full exercise of the subscription rights of all the Bonus Warrants	HK\$171,393.024
<u>1,028,358,144</u>		<u>HK\$1,028,358.144</u>

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

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

As at the Latest Practicable Date, there are no outstanding options, warrants or securities convertible or exchangeable into the Shares.

**3. DISCLOSURE OF INTERESTS BY DIRECTORS**

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

#### 4. INTERESTS OF SUBSTANTIAL SHAREHOLDERS

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

<b>Name</b>	<b>Capacity and nature of interest</b>	<b>Number of Shares/ underlying Shares held</b>	<b>Approximate percentage of the Company's issued share capital</b>
Tanrich Securities Company Limited ( <i>Note 1</i> )	Beneficial owner	856,965,120	500.00%
Tanrich Financial (Management) Limited ( <i>Note 1</i> )	Interest in a controlled corporation	856,965,120	500.00%
Tanrich Financial Holding Limited ( <i>Note 1</i> )	Interest in a controlled corporation	856,965,120	500.00%
Fame Harvest Group Limited ( <i>Note 1</i> )	Interest in a controlled corporation	856,965,120	500.00%
Bank of East Asia (Trustees) Limited ( <i>Note 1</i> )	Trustee (other than a bare trustee)	856,965,120	500.00%
Yip Man Fan ( <i>Note 1</i> )	Founder of a discretionary trust	856,965,120	500.00%
Jacob Kingdom Holdings Limited ( <i>Note 2</i> )	Beneficial owner	80,000,000	46.68%
Siu Kwok Chung ( <i>Note 3</i> )	Interest in a controlled corporation	81,385,000	47.48%
Wang Zhendong ( <i>Note 2</i> )	Beneficial owner	80,000,000	46.68%
Yang Zhijian	Beneficial owner	13,870,000	8.09%
I-cloud Investments Limited ( <i>Note 4</i> )	Beneficial owner	10,500,000	6.13%
Ye Ruiqiang ( <i>Note 4</i> )	Interest in a controlled corporation	10,500,000	6.13%

*Notes:*

- (1) Assuming no acceptance by the Qualifying Shareholders under the Open Offer, Tanrich Securities Company Limited will be required to take up a maximum of 685,572,096 Offer Shares and will be entitled to 171,393,024 Bonus Warrants pursuant to the Underwriting Agreement. As Tanrich Securities Company Limited is wholly owned by Tanrich Financial (Management) Limited which is in turn wholly owned by Tanrich Financial Holding Limited. Fame Harvest Group Limited holds 40.29% of the issued shares of Tanrich Financial Holding Limited and Bank of East Asia (Trustees) Limited in turn holds 100% of the issued shares of Fame Harvest Group Limited. Mr. Yip Man Fan is the founder of a discretionary trust with Fame Harvest Group Limited as its trust property. Accordingly, each of Tanrich Financial (Management) Limited, Tanrich Financial Holding Limited, Fame Harvest Group Limited, Bank of East Asia (Trustees) Limited and Mr. Yip Man Fan is deemed to be interested in the Offer Shares to be underwritten by Tanrich Securities Company Limited and the Bonus Warrants which it is entitled to under the Underwriting Agreement.
- (2) As at the Latest Practicable Date, each of Jacob Kingdom Holdings Limited and Mr. Wang Zhendong, the subscribers procured by the Underwriter, has agreed to subscribe for up to 80,000,000 Offer Shares under the Open Offer if it/he is called upon by the Underwriter to take up the Offer Shares.
- (3) As Jacob Kingdom Holdings Limited is wholly owned by Mr. Siu Kwok Chung, Mr. Siu Kwok Chung is deemed to be interested in the 80,000,000 Shares in which Jacob Kingdom Holdings Limited is interested.
- (4) As I-cloud Investments Limited is wholly owned by Mr. Ye Ruiqiang, Mr. Ye Ruiqiang is deemed to be interested in the 10,500,000 Shares in which I-cloud Investments Limited is interested.

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

## **5. INTEREST OF DIRECTORS**

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

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

## **6. DIRECTORS' INTERESTS IN COMPETING BUSINESSES**

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

## 7. EXPERT AND CONSENT

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

<b>Name</b>	<b>Qualification</b>
Cheng & Cheng Limited	Certified Public Accountants

Cheng & Cheng Limited has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion therein of its letter and references to its name and/or its advice in the form and context in which they respectively appear.

As at the Latest Practicable Date, the above expert did not have any direct or indirect shareholdings in any member of the Group, or any right to subscribe for or to nominate persons to subscribe for securities in any member of the Group, or any interests, directly or indirectly, in any assets which have been acquired, disposed of or leased to or which are proposed to be acquired, disposed of or leased to any member of the Group, respectively, since 30 June 2013, the date to which the latest published audited financial statements of the Group were made up.

## 8. MATERIAL CONTRACTS

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

- (i) the Underwriting Agreement;
- (ii) a supplemental placing agreement dated 14 March 2013 entered into between the Company and Fordjoy Securities and Futures Limited in relation to the amendments of certain terms and conditions of the Convertible Bonds in aggregate principal amount of up to HK\$20,000,000 on a best effort basis at a placing commission of 2.25% of the actual principal amount of the Convertible Bonds placed;
- (iii) a placing agreement dated 11 March 2013 entered into between the Company and Fordjoy Securities and Futures Limited regarding the placing of Convertible Bonds in aggregate principal amount of up to HK\$20,000,000 on a best effort basis at a placing commission of 2.25% of the actual principal amount of the Convertible Bonds placed;
- (iv) the underwriting agreement dated 3 January 2013 entered into between the Company and Enerchine Securities Limited (formerly known as Radland International Limited) in relation to the underwriting arrangement in respect of the rights issue of not less than 50,464,341 Shares at the subscription price of HK\$0.65 per Share at an underwriting commission of 3% of the subscription price of the underwritten shares;

- (v) the placing agreement dated 23 August 2012 entered into between the Company and Orient Securities Limited in relation to the placing of 84,000,000 new shares at HK\$0.113 per share by Orient Securities Limited on a best effort basis at a placing commission of 4% of the aggregate amount equal to the placing price multiplied by the number of the placing shares actually placed; and
- (vi) the sale and purchase agreement dated 2 May 2012 entered into between the Company as purchaser and Superior Global International Limited as vendor in relation to the acquisition of the entire issued share capital of Long Surplus Investments Limited in consideration of HK\$19,008,480 to be settled by issuing 84,116,984 Shares.

Save as disclosed above, no material contract (not being contracts entered into in the ordinary course of business) was entered into by any member of the Group within the two years immediately preceding the issue of this prospectus.

## 9. SERVICE CONTRACTS

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

## 10. LITIGATION

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

## 11. PROFILE OF DIRECTORS

### Executive Directors

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

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

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

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

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

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

**Independent Non-executive Directors**

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

**Mr. Ong Chi King**, aged 40, has been an Independent Non-executive Director of the Company since 20 January 2012, is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Mr. Ong received a Bachelor's degree in Business Administration from The Hong Kong University of Science and Technology and a master's degree in corporate finance from The Hong Kong Polytechnic University. Mr. Ong has more than 17 years of experience in accounting, finance and company secretarial fields and held senior positions in finance and company secretarial departments in various listed companies listed on the main board of the Stock Exchange. Mr. Ong is currently a qualified accountant and company secretary of a company listed on the main board of the Stock Exchange. Mr. Ong is an independent non-executive director of China Environmental Resources Group Limited (stock code: 1130) and Hong Kong Education (Int'l) Investments Limited (stock code: 1082).

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

**12. MISCELLANEOUS**

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

**13. EXPENSES**

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

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

<b>Registered Office</b>	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
<b>Headquarters and principal place of business in Hong Kong and office address of all Directors</b>	Unit 2302, 23rd Floor New World Tower 1 18 Queen's Road Central Hong Kong
<b>Authorised representatives</b>	Mr. Kong Fanpeng Mr. Chan Ka Yin
<b>Executive Directors</b>	Mr. Kong Fanpeng Mr. Chan Cheong Yee Mr. Tang Tsz Tung
<b>Independent non-executive Directors</b>	Mr. Lam Kwan Mr. Ong Chi King Mr. Lee Ming Gin
<b>Company secretary</b>	Mr. Chan Ka Yin Unit 2302, 23/F, New World Tower 1 18 Queen's Road Central Hong Kong
<b>Hong Kong share registrar and transfer office</b>	Tricor Tengis Limited 26th Floor, Tesbury Centre 28 Queen's Road East Wanchai Hong Kong (to be relocated to Level 22, Hopewell Centre 183 Queen's Road East Hong Kong with effect from 31 March 2014)

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

## 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. When an acceptance or application is made in pursuance of any such documents, the relevant document(s) shall have the effect of rendering all persons concerned bound by the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong).

**16. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG**

A copy of each of the Prospectus Documents and the consent letter referred to in the paragraph headed “Expert and Consent” in this appendix have been registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong).

**17. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection during normal business hours from 9:30 a.m. to 5:00 p.m. on any weekday (except for public holidays) at the principal place of business of the Company in Hong Kong at Unit 2302, 23rd Floor, New World Tower 1, 18 Queen’s Road Central, Hong Kong from the date of this prospectus up to and including the Latest Time for Acceptance at 4:00 p.m. on Wednesday, on 9 April 2014:

- (i) this prospectus;
- (ii) the memorandum and articles of association of the Company;
- (iii) the annual reports of the Company for the three financial years ended 30 June 2013;
- (iv) the written consent as referred to in the paragraph headed “Expert and Consent” in this appendix;
- (v) the material contracts as referred to in this paragraph headed “Material Contracts” in this appendix;
- (vi) the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group, the text of which is set out in Appendix II to this prospectus;
- (vii) the letter from Cheng & Cheng Limited in respect of the compilation of the unaudited pro forma consolidated net tangible assets of the Group, the text of which is set out on pages II-3 to II-4 of this prospectus; and
- (viii) the circulars of the Company dated 7 November 2013 and 27 February 2014.

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

#### INVESTMENT MANAGEMENT INFORMATION

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

#### The Investment Manager

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

The profiles of the directors of CAFM are as follows:

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

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

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

### **Duties of CAFM**

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

### **The Custodian**

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

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

### **RISKS RELATING TO THE COMPANY**

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

### **INVESTMENT OBJECTIVES AND POLICIES**

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

The Company has adopted the following investment policies:

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

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

### **INVESTMENT RESTRICTIONS**

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

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

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

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

**BORROWING POWER**

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

**DISTRIBUTION POLICY**

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

**FOREIGN CURRENCY MANAGEMENT AND EXCHANGE CONTROL**

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

**TAXATION**

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

**FEES AND EXPENSES**

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

**Investment management fees**

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

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

## INVESTMENT PORTFOLIO

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

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

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

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

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

- (m) Oriental Unicorn Agricultural Group Limited (stock code: 8120) (“**OUA**”) and its subsidiaries are principally engaged in the business of feedstock products and animal husbandry. Net profit of approximately HK\$59.5 million was recognised during the period from 1 August 2011 to 31 December 2012. As at 30 June 2013, according to the latest published financial statements of OUA, its net asset value was approximately HK\$86.1 million.
- (n) Birmingham International Holdings Limited (stock code: 2309) (“**BIH**”) and its subsidiaries are principally engaged in professional football operation, apparel sourcing and trading, entertainment and media services, and investment holdings. According to the latest published financial statements of BIH, net loss of HK\$118.8 million was recognised during the year ended 30 June 2013 and its negative net asset value as at 30 June 2013 was approximately HK\$99.3 million.
- (o) ASR Holding Limited (stock code: 1803) (“**ASR**”) and its subsidiaries are principally engaged in the provision of air freight service in the wholesale market. Net profit of approximately HK\$90.0 million was recognised during the year ended 31 December 2012. As at 30 June 2013, according to the latest published financial statements of ASR, its net asset value was approximately HK\$275.5 million.

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