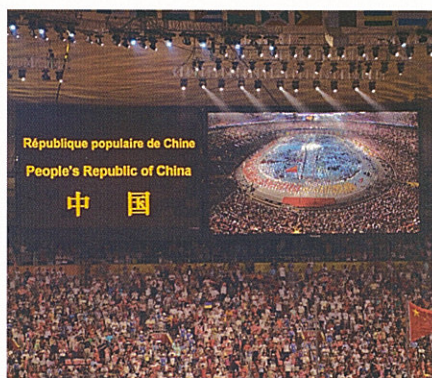
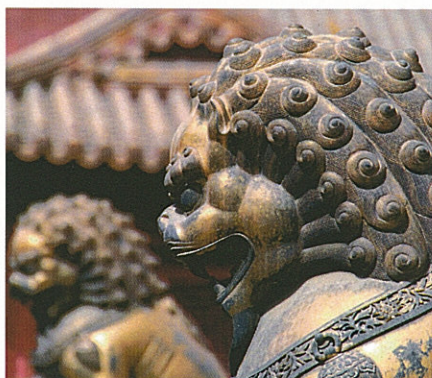


China Private Equity Investment Holdings Limited



Admission to AIM



SHORE CAPITAL

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this Document, you should consult a person authorised under the Financial Services and Markets Act 2000 ("FSMA") (or if you are a person outside the UK, a person otherwise duly qualified in your jurisdiction) who specialises in advising on the acquisition of shares and other securities.

This Document, which comprises an AIM Admission Document, has been drawn up in accordance with the AIM Rules for Companies published by London Stock Exchange plc and has been issued in connection with the proposed admission to trading of the Ordinary Shares of the Company to AIM. This Document does not constitute an offer of transferable securities to the public within the meaning of section 102B of FSMA. This Document does not constitute a prospectus for the purpose of the Prospectus Rules and has not been approved or filed with the Financial Services Authority. No application has been made to list the Ordinary Shares on any exchange other than AIM.

This Document and the Ordinary Shares offered here have not been and will not be registered under the laws and regulations of the British Virgin Islands, nor has any regulatory authority in the British Virgin Islands passed comment on or approved the accuracy or adequacy of this Document.

The Company and the Directors of the Company, whose names appear on page 6 of this Document, accept responsibility for the information contained in this Document including individual and collective responsibility for compliance with the AIM Rules for Companies. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Document is in accordance with the facts and this Document makes no omission likely to affect the import of such information.

Application has been made for the whole of the issued and to be issued ordinary share capital of the Company to be admitted to AIM. It is expected that dealings in the Ordinary Shares will commence on AIM on 19 October 2009.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on Admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this Document.

The rules of AIM are less demanding than those of the Official List. It is emphasised that no application is being made for admission of the Company's Ordinary Shares to the Official List.

The whole of the text of this Document should be read. Your attention is particularly drawn to the section entitled "Risk Factors" in Part II of this Document.

China Private Equity Investment Holdings Limited

(Incorporated in the British Virgin Islands with registration number 1459602)

Admission to trading on AIM

Nominated Adviser

Shore Capital and Corporate Limited

Broker

Shore Capital Stockbrokers Limited

<i>Authorised Number</i>	<i>Number of Ordinary Shares immediately following Admission</i>	<i>Issued Number</i>
100,000,000	Ordinary Shares of no par value	12,756,929

Shore Capital and Corporate Limited, which is regulated by the Financial Services Authority, has agreed to act as nominated adviser to the Company (for the purposes of the AIM Rules for Companies). Shore Capital Stockbrokers Limited, which is a member of London Stock Exchange plc and is regulated by the Financial Services Authority, has agreed to act as the broker to the Company (for the purposes of the AIM Rules for Companies). Persons receiving this Document should note that, in connection with the Subscription and Admission, Shore Capital is acting exclusively for the Company and no one else and will not be responsible to anyone, other than the Company, for providing the protections afforded to customers of Shore Capital or for advising any other person on the transactions and arrangements described in this Document.

The responsibilities of Shore Capital and Corporate Limited, as nominated adviser under the AIM Rules for Companies and the AIM Rules for Nominated Advisers, are owed solely to the London Stock Exchange. Shore Capital has not authorised the contents of, or any part of, this Document and no liability is accepted by Shore Capital for the accuracy of any information or opinions contained in this Document or for the omission of any material information. For the purpose of Section 21 of FSMA, this Document constitutes a financial promotion which has been issued by the Company, but whose content has not been approved by any person authorised by the FSA. Accordingly, it may only be used as a communication made to (i) persons authorised under FSMA and other categories of "investment professional" defined in accordance with article 19 of FSMA (Financial Promotion) Order 2005 (the "Order"); and (ii) high value entities as referred to in article 49(2) (a), (b) and/or (c) of the Order (or individuals in their capacities as directors, officers or employees of such entities). The Company has not sanctioned the use of this Document for a financial promotion to any person not falling under articles 19 or 49 of the Order and no such person should place reliance upon this Document for any purpose. Use of this Document other than in accordance with this restriction is not permitted and may contravene FSMA.

This Document does not constitute an offer to sell or the solicitation of an offer to buy or subscribe for Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful and, in particular, is not for distribution in or into the United States of America, Canada, Australia, the Republic of Ireland, South Africa or Japan. The Ordinary Shares have not been and will not be registered under the applicable securities laws of Canada, Australia, the Republic of Ireland, South Africa or Japan. The Ordinary Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the "US Securities Act") or with any securities regulatory authority of any state or other jurisdiction of the United States of America and may not be offered or sold within the United States of America to, or for the account or benefit of, any US Person (as that term is defined in Regulation 5 under the US Securities Act). The distribution of this Document in other jurisdictions may be restricted by law and therefore persons into whose possession this Document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

KEY INFORMATION

The following information is derived from and should be read in conjunction with, the full text of this Document. The Ordinary Shares are only suitable for investors who understand the potential risk of capital loss, for whom an investment in the Ordinary Shares constitutes part of a diversified investment portfolio and who fully understand and are willing to assume the risks involved in investing in the Company. Investors should not just rely on the information contained in this section.

Introduction

China Private Equity Investment Holdings Limited (“CPE” or the “Company”) is a British Virgin Islands incorporated company, which has been established to invest in small to medium-sized high growth companies operating principally in Greater China.

On 8 September 2008, the Company, through its wholly owned subsidiary TMT Holdings Limited, acquired a significant stake in Fortel BVI in exchange for the issue of 9,154,348 Ordinary Shares in the Company representing a value of approximately £10.1 million (equivalent to approximately US\$19 million at that time). Fortel BVI is a platform provider for online content distribution in China and also operates social networking and online gaming portals.

The investment opportunity

CPE represents an opportunity to gain exposure to one of the world’s largest and fastest growing economies by making investments in small to medium-sized high growth companies operating principally in Greater China.

The Directors believe that the current economic and political environment in China gives rise to an attractive opportunity for the Company. In particular, the Directors have identified a number of factors which have created an investment opportunity for the Company, including:

- the evolving regulatory structure of industries in China creating opportunities for first mover advantage to achieve strong market positions in a fast growing economy;
- the transfer of control and ownership from state to private enterprises; and
- the opportunity to capitalise on inefficiencies and to establish market leading positions through knowledge and technology transfer.

Investing policy

The Company’s investing strategy is to provide Shareholders with an attractive return on their investment through capital appreciation, by investing in businesses in China which the Directors believe are likely to achieve a trade sale or an IPO, predominantly within a medium to long term time horizon.

The Company will be an active investor and will adhere to the following investment guidelines:

Sector focus: Initially the Company will focus on telecommunications, media, technology (“TMT”) and financial services. However, the Company will also consider attractive high growth opportunities outside these sectors.

Target returns: CPE will seek to make investments with the aim of generating an internal rate of return of at least 30 per cent.

Leverage: The Company does not envisage that it will use long term debt to finance its portfolio.

Type of company: The Company’s investments will be spread across a broad range of assets. Where possible, the Company will target early to expansion stage businesses which have technological and/or operational synergies with companies within the Company’s portfolio at that time. The Company intends to invest primarily in unlisted companies. However, the Company will also invest in listed companies in certain circumstances. Such circumstances may include companies which are seeking a management buyout, undergoing a restructuring process or considering some other form of corporate activity. The companies in which CPE invests, whether listed or unlisted, are likely to demonstrate one or more of the following characteristics: first mover advantage; undervalued assets; proprietary technologies; and distribution channels to Chinese consumers.

Spread of investments: Other than the Company's investment in Fortel it will not invest (or commit to invest) more than 20 per cent. of the gross assets in a single investment without the Board's prior approval.

Exit: With the exception of a limited number of strategic investments, the Company will focus on opportunities with a medium to long term investment horizon with the aim of achieving an exit through a trade sale or an IPO.

Where possible the Company will look to utilise the skills and experience gained from its existing investments to achieve synergies across the portfolio. In particular, Fortel will initially be the Company's anchor investment in the TMT sector.

To the extent the Company has not made an investment, other than Fortel, in accordance with its investing policy within 12 months of Admission, the Company will return the net remaining proceeds from the Subscription to Shareholders. Save in the case of exceptional or unforeseen circumstances, the Directors do not intend to propose any change to the Company's investing policy.

The Directors confirm that, as required under the AIM Rules for Companies, they will seek Shareholder approval of the Company's investing policy at each annual general meeting of the Company.

Initial portfolio

On 8 September 2008, the Company acquired, through its wholly owned subsidiary TMT Holdings, a significant stake in Fortel BVI in exchange for the issue of 9,154,348 Ordinary Shares in the Company representing a value of approximately £10.1 million (equivalent to approximately US\$19 million at that time).

Fortel is a platform provider for online content distribution in China. Fortel has developed an integrated content distribution platform – Fortel Online Content Utility System (“FOCUS”) – that provides a one-stop solution for both content providers and consumers to sell and purchase premium digital content in China. FOCUS provides the infrastructure for content providers to deliver their content to their customers by integrating content servers, payment collection and settlement interfaces, customer information databases, metering and billing services and network security services. It also provides integrated sales, information, operations support, and customer services portals. Content is distributed to consumers through the company's web portal: www.contentchina.com.

Directors

The Board is chaired by Patrick Macdougall (formerly chairman and chief executive of West Merchant Bank and group executive director of Jardine Matheson Holdings and Standard Chartered plc), and also includes Chau Vinh Heng (Managing Director of C.K. Grandfield (Holdings) Limited), Duncan Chui (Chief Executive Officer of CPE, founder and president of Fortel Group and chairman of Sino Katalytics Investment Corporation), Ernest Wong (Chief Financial Officer of CPE), John Croft and Hanson Cheah (co-founder of AsiaTech Ventures).

The experience of the Board as a whole encompasses expertise of both investing in Chinese companies as well as companies which are publicly quoted, including companies quoted on AIM and the Hong Kong Stock Exchange. All the members of the Board have experience of either investing in Greater China or being associated with Chinese operations. In particular, Duncan Chui, Chau Vinh Heng, Ernest Wong and Hanson Cheah have cumulatively approximately 80 years of experience of private equity investments in Greater China covering the telecommunications, technology, media and financial services sectors. Patrick Macdougall and John Croft have past experience of being on the boards of UK publicly quoted companies. Further details of each of the Directors' experience are provided below.

Dividends

Initially, it is not intended that dividends will be paid to Shareholders. However, the Directors may pay dividends in the future depending on the availability of distributable reserves, cash resources and the working capital requirements of the Company.

Investors' attention is specifically drawn to Part II of this Document headed “Risk Factors”.

CONTENTS

	<i>Page</i>
ADMISSION STATISTICS	5
EXPECTED TIMETABLE	5
DIRECTORS AND ADVISERS	6
PART I INFORMATION ON THE COMPANY	8
PART II RISK FACTORS	17
PART III FINANCIAL INFORMATION	27
a) Accountants' Report on the Company	27
b) Unaudited interim results for the Company	41
c) Accountants' Report on the Fortel Group	47
PART IV ADDITIONAL INFORMATION	68
DEFINITIONS	90

ADMISSION STATISTICS

Price per Ordinary Share	US\$1.80
Number of Ordinary Shares in issue prior to the Subscription	9,906,209
Number of Ordinary Shares being issued pursuant to the Subscription	2,777,778
Number of Ordinary Shares being issued pursuant to the Non Executive Directors' letters of appointment	72,942
Number of Ordinary Shares in issue on Admission	12,756,929
Market capitalisation of the Company on Admission at the 2009 Subscription Price	US\$23.0 million
Percentage of issued share capital subject to the Subscription	21.8 per cent.
Gross proceeds of the Subscription available to the Company	US\$5.0 million
Estimated net proceeds of the Subscription available to the Company	US\$4.2 million

EXPECTED TIMETABLE

Admission and dealings in Ordinary Shares to commence on AIM	8.00 a.m. on 19 October 2009
Despatch of definitive share certificates (where applicable) by	8.00 a.m. on 30 October 2009

DIRECTORS AND ADVISERS

Directors	Patrick Macdougall, <i>Non-Executive Chairman</i> Chau Vinh Heng (Jacky), <i>Non-Executive Vice Chairman</i> Duncan Chui Tak Keung, <i>Chief Executive Officer</i> Ernest Wong Yiu Kit, <i>Chief Financial Officer</i> John Croft, <i>Non-Executive Director</i> Hanson Cheah, <i>Non-Executive Director</i>
	all of:
Registered Office	Romasco Place, Wickhams Cay 1 PO Box 3140 Road Town, Tortola British Virgin Islands VG1110
Registered Agent	Codan Trust Company (B.V.I.) Ltd. Romasco Place, Wickhams Cay 1 PO Box 3140 Road Town, Tortola British Virgin Islands VG1110
Nominated Adviser	Shore Capital and Corporate Limited Bond Street House 14 Clifford Street London W1S 4JU
Broker	Shore Capital Stockbrokers Limited The Atlantic Suite The Corn Exchange Fenwick Street Liverpool L2 7RB
Reporting Accountants and Auditors to the Company	Mazars LLP Tower Bridge House St Katharine's Way London E1W 1DD
Legal Advisers to the Company as to English law	Pinsent Masons LLP CityPoint One Ropemaker Street London EC2Y 9AH
Legal Advisers to the Company as to B.V.I. law	Conyers Dill & Pearman Romasco Place, Wickhams Cay 1 PO Box 3140 Road Town, Tortola British Virgin Islands VG1110

**Legal Advisers to the Company
as to Hong Kong law**

Pinsent Masons
50th Floor
Central Plaza
18 Harbour Road
Hong Kong

**Legal Advisers to the Company
as to PRC law**

Jingtian & Gongcheng Law Firm
15th Floor
The Union Plaza
20 Chaoyangmenwai Dajie
Beijing
100020
People's Republic of China

Solicitors to the Nominated Adviser

Howard Kennedy
19 Cavendish Square
London W1A 2AW

Public Relations Consultants

Biddicks
Mercury House
Triton Court
14-18 Finsbury Square
London EC2A 1BR

Registrars

Computershare Investor Services (BVI) Limited
Woodbourne Hall
PO Box 3162
Road Town
Tortola
British Virgin Islands

Depositary Interest Registrars

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZY

PART I

INFORMATION ON THE COMPANY

1. Introduction

China Private Equity Investment Holdings Limited (“CPE” or the “Company”) is a British Virgin Islands incorporated company, which has been established to invest in small to medium-sized high growth companies operating principally in Greater China.

On 8 September 2008, the Company, through its wholly owned subsidiary TMT Holdings Limited, acquired a significant stake in Fortel BVI in exchange for the issue of 9,154,348 Ordinary Shares in the Company representing a value of approximately £10.1 million (equivalent to approximately US\$19 million at that time). Fortel BVI is a platform provider for online content distribution in China and also operates social networking and online gaming portals.

2. The investment opportunity

CPE represents an opportunity to gain exposure to one of the world’s largest and fastest growing economies by making investments in small to medium-sized high growth companies operating principally in Greater China.

China

The Chinese economy is one of the largest and fastest growing in the world. In terms of purchasing power parity, China is now the world’s second biggest economy behind the United States. Despite the global economic crisis, the economy continues to grow and is forecast to achieve real GDP growth of 7.0 per cent. in 2009.

The current growth model, and policy underlying it, has been predominantly focused on exports and investment, with little emphasis on private consumption. However, China has started to adjust its economic policies to better promote sustainable growth. In particular, the Government has highlighted its intention to:

- undertake more bank reform and encourage banks to provide finance to rural areas and smaller firms;
- develop the capital markets to give small to medium enterprises more opportunity to raise finance;
- engage in deeper reform of the insurance sector; and
- provide a sounder regulatory structure.

Following China’s accession to the World Trade Organisation in 2001, the economy has started to open up and the Government intends to pursue further liberalisation. The private sector, made up of domestic and foreign-funded interests, is being encouraged to expand and complement the state sector.

Opportunity for CPE

The Directors believe that the current economic and political environment in China gives rise to an attractive opportunity for the Company. In particular, the Directors have identified a number of factors which have created an investment opportunity for the Company, including:

- the evolving regulatory structure of industries in China creating opportunities for first mover advantage to achieve strong market positions in a fast growing economy;
- the transfer of control and ownership from state to private enterprises; and
- the opportunity to capitalise on inefficiencies and to establish market leading positions through knowledge and technology transfer.

3. Investing policy

The Company’s investing strategy is to provide Shareholders with an attractive return on their investment through capital appreciation, by investing in businesses in China which the Directors believe are likely to achieve a trade sale or an IPO, predominantly within a medium to long term time horizon.

The Company will be an active investor and will adhere to the following investment guidelines:

Sector focus: Initially the Company will focus on telecommunications, media, technology (“TMT”) and financial services. However, the Company will also consider attractive high growth opportunities outside these sectors.

Target returns: CPE will seek to make investments with the aim of generating an internal rate of return of at least 30 per cent.

Leverage: The Company does not envisage that it will use long term debt to finance its portfolio.

Type of company: The Company’s investments will be spread across a broad range of assets. Where possible, the Company will target early to expansion stage businesses which have technological and/or operational synergies with companies within the Company’s portfolio at that time. The Company intends to invest primarily in unlisted companies. However, the Company will also invest in listed companies in certain circumstances. Such circumstances may include companies which are seeking a management buyout, undergoing a restructuring process or considering some other form of corporate activity. The companies in which CPE invests, whether listed or unlisted, are likely to demonstrate one or more of the following characteristics: first mover advantage; undervalued assets; proprietary technologies; and distribution channels to Chinese consumers.

Spread of investments: Other than the Company’s investment in Fortel it will not invest (or commit to invest) more than 20 per cent. of the gross assets in a single investment without the Board’s prior approval.

Exit: With the exception of a limited number of strategic investments, the Company will focus on opportunities with a medium to long term investment horizon with the aim of achieving an exit through a trade sale or an IPO.

Where possible the Company will look to utilise the skills and experience gained from its existing investments to achieve synergies across the portfolio. In particular, Fortel will initially be the Company’s anchor investment in the TMT sector.

To the extent the Company has not made an investment, other than Fortel, in accordance with its investing policy within 12 months of Admission, the Company will return the net remaining proceeds from the Subscription to Shareholders. Save in the case of exceptional or unforeseen circumstances, the Directors do not intend to propose any change to the Company’s investing policy.

The Directors confirm that, as required under the AIM Rules for Companies, they will seek Shareholder approval of the Company’s investment policy at each annual general meeting of the Company.

4. Investment process

The Board will set investment guidelines from time to time relating to matters such as the size of investments, geographies and sectors.

Each prospective investee company will be initially screened by the Company’s Investment Team with, if considered appropriate, input sourced from industry experts where specific industry knowledge or relationships exist.

Once investee companies have been screened and due diligence has been carried out, the Investment Team will decide whether a particular investment would be appropriate and attractive for the Company in accordance with the Company’s investing policy.

Following the evaluation of the investee company against the Company’s investment guidelines by the Investment Team, the proposed investment opportunity will be presented to the Company’s investment committee (the “Investment Committee”), which will be established immediately

following Admission. The Investment Committee will decide whether or not to proceed with investment opportunities and will also be responsible for reviewing existing investments. The Investment Committee will initially comprise Patrick Macdougall, Duncan Chui and Hanson Cheah.

In relation to divestments, the Investment Team will recommend the disposal of an investment to the Investment Committee. If approval is obtained, the Investment Team will implement such disposal.

The Investment Team will formally monitor each of the Company's investments on an ongoing basis, usually seeking a board representation or a financial control function from the investee companies. External professionals may also be consulted or appointed from time to time to assist the Company in portfolio management and divestment opportunities.

5. Investment restrictions

The Directors intend to build a portfolio of investments in the financial services and TMT sectors.

Other than the Company's investment in Fortel BVI it will not invest (or commit to invest) more than 20 per cent. of the Company's gross assets in a single investment without the Board's prior approval.

6. Initial portfolio

On 8 September 2008, the Company, through its wholly owned subsidiary TMT Holdings, acquired a significant stake in Fortel BVI through the issue of Ordinary Shares in the Company representing a value of approximately £10.1 million (equivalent to approximately US\$19 million at that time). Information on Fortel is set out below.

The Directors, other than Duncan Chui and Chau Vinh Heng, both of whom were not involved in considering the acquisition of the stake in Fortel BVI, approved the terms of the acquisition including the consideration for the shares in Fortel which, in the opinion of those Directors, was fair and reasonable, taking into account, *inter alia*, a review of the valuation of the Fortel Group. Duncan Chui was not involved in this approval due to his interest by virtue of his directorship and shareholding in Imperia Capital, which is itself a substantial shareholder in the Fortel Group. Chau Vinh Heng was not a member of the Board at the time of the transaction.

Fortel

Market background

The growing population of Internet-users in China and the resulting demand it is creating for e-commerce and content distribution and in particular electronic payment solutions, has prompted domestic and global operators to enter the content distribution and payment collection markets in China.

There are already established market players with a large number of registered users and a relatively high number of electronic payment transactions per day. However, the Directors believe that there is no clear leader or dominant player in the content distribution, electronic payment and settlement markets.

In addition, the Directors believe that most content distribution operators are focused on developing payment collection channels rather than integrated distribution platforms for premium digital content and targeted advertising such as that developed and operated by Fortel.

The Directors believe that content distribution in China will become the world's largest market for electronic publishing. However, the market has significant barriers to entry due to a number of factors including: the highly regulated market, the limited number of permits issued and the subscriber base being mostly controlled by state-owned telecom operators.

Business overview

Fortel is a platform provider for online content distribution in China. Fortel has developed an integrated content distribution platform – Fortel Online Content Utility System (“FOCUS”) – that provides a one-stop solution for both content providers and consumers to sell and purchase

premium digital content in China. FOCUS provides the infrastructure for content providers to deliver their content to their customers by integrating content servers, payment collection and settlement interfaces, customer information databases, metering and billing services and network security services. It also provides integrated sales, information, operations support, and customer services portals. Content is distributed to consumers through the company's web portal: www.contentchina.com.

In addition to distributing its corporate customers' content, Fortel's in-house development team has also created a number of online products which are available to users through a variety of subscription models:

- iHompy (<http://www.ihompy.com>) – online community and blogging site; and
- Xi Fu Games (<http://games.contentchina.com>) – casual games operation platform / portal.

Fortel has the relevant permits and licences which are required to engage in the following online activities in China:

- Online Games;
- eCommerce;
- Electronic Publishing Distribution;
- Internet Content Provision Services;
- Online Cultural Business Operations;
- Online Advertisements;
- Production & Distribution of TV programs and Animations;
- Publishing and distribution of video content and audio products through the internet; and
- Internet Video and Audio Programmes Service (including Video on Demand).

Results for Fortel

Fortel has experienced a period of rapid growth and turnover for the year ended 31 December 2008 increased fourfold to HK\$18.3 million (approximately US\$2.4 million). The loss for the same period has been reduced to HK\$3.2 million (approximately US\$413,000) from HK\$5.8 million despite a substantial increase in administrative expenses incurred to grow the business. An accountants' report on the Fortel Group is contained in Part III (c) of this document.

For more details of CPE's investment in Fortel BVI please refer to paragraph 8 of Part IV of this Document.

7. Investment pipeline

The Company has agreed to enter various contractual arrangements to make investments in the following companies:

Orbrich Group Limited

The Company has the right pursuant to a memorandum of understanding between the Company and the Orbrich Group Limited dated 25 September 2008 to invest up to approximately US\$10 million in Orbrich Group Limited which, through its wholly owned subsidiaries, provides angel and equity investment, trade finance and lending services to corporations in China.

China School Resources Holdings Limited

The Company has an exclusive right pursuant to a memorandum of understanding between the Company and IIN Network Education (BVI) Limited dated 8 July 2008 to invest up to US\$3 million in Beijing Guo Zhi Yuan Software Technology Company Limited (to be renamed China School Resources Holdings Limited) which currently develops and distributes education software and content to elementary and middle schools in China.

UCCTV Holdings Limited

The Company has an exclusive right pursuant to a memorandum of understanding between the Company and Woddlock Investment Limited dated 8 July 2008 to invest up to US\$3 million in Woddlock Investment Limited (to be renamed UCCTV Holdings Limited) which manages the travel channel and online travel services of CCTV.com in China.

8. Company structure

The Company was incorporated on 18 January 2008 in the British Virgin Islands. The Company is tax exempt in the British Virgin Islands and intends to adopt a corporate structure designed to hold its investments in a tax efficient manner. For the impact of possible taxation on Shareholders please refer to paragraph 12 of Part IV of this Document.

9. Dividends to Shareholders

Initially, it is not intended that dividends will be paid to Shareholders. However, the Directors may pay dividends in the future depending on the availability of distributable reserves, cash resources and the working capital requirements of the Company.

10. Directors and Employees

Board of Directors

The experience of the Board as a whole encompasses expertise of both investing in Chinese companies as well as companies which are publicly quoted, including companies quoted on AIM and the Hong Kong Stock Exchange. All the members of the Board have experience of either investing in Greater China or being associated with Chinese operations. In particular, Duncan Chui, Chau Vinh Heng, Ernest Wong and Hanson Cheah have cumulatively approximately 80 years of experience of private equity investments in Greater China covering the telecommunications, technology, media and financial services sectors. Patrick Macdougall and John Croft have past experience of being on the boards of UK publicly quoted companies. Further details of each of the Director's experience are provided below.

Patrick Macdougall (aged 70), Non-Executive Chairman

An Oxford graduate, Mr. Macdougall qualified as both a barrister and a chartered accountant. He has experience in the financial services arena. Following corporate finance experience with Rothschilds, he moved into general management and was chief executive of two London merchant banks, one in the 1970s and one in the 1990s. He has also spent approximately 8 years in Hong Kong as Executive Director of Jardine Matheson where he was in charge of the Financial Services portfolio as well as operations in the US, Australia and the Middle East and 2 years as a group executive director of Standard Chartered plc. After retiring from the City in 1998, he spent 6 years as chairman of Arlington plc, one of the largest developers and operators of business parks in Europe.

Chau Vinh Heng (Jacky) (aged 57), Non-Executive Vice Chairman

Mr. Chau has almost 30 years experience in financial services in Greater China, specializing in listed securities dealings, corporate finance, and investment advisory. Mr. Chau held senior management positions with a number of regional institutions such as Chintung Group, Chung Nam Securities and Commodities, Chelac Investment Company Limited, and C.K. Grandfield (Holdings) Limited. Mr. Chau graduated from the University of Toronto with a Bachelor's degree in Commerce.

Duncan Chui Tak Keung (aged 40), Executive Director and Chief Executive Officer

Mr. Chui has over 15 years of management consulting and venture capital investment experience in Greater China. He is the founder and president of Fortel Group and chairman of Sino Katalytics Investment Corporation, a Hong Kong listed investment company. Prior to that he worked for Andersen Consulting (Accenture) and Transpac Capital (mainly responsible for fast growing technology companies and corporate restructuring). Mr. Chui has a BSc and MEng from Cornell University.

Ernest Wong Yiu Kit (aged 42), Executive Director and Chief Financial Officer

Mr. Wong has over 17 years of experience in venture capital, corporate finance, business development, legal, IT, financial and general management. He has worked for the Hong Kong Applied Science and Technology Research Institute Company Limited, Vertex Management, Guangdong Investment Ltd, Transpac Capital and Andersen Consulting. He has a BBA (University of Hong Kong) and a MSc in investment management (University of Science & Technology, Hong Kong) and a MSc in Electronic Engineering from the Chinese University of Hong Kong. Mr. Wong's professional qualifications include: FCCA, FCPA, CFA, ACA and MHKSI.

John Croft (aged 56), Non-Executive Director

Mr. Croft has over 25 years of experience in technology companies. He was formerly Chairman of e-pay Asia Limited, one of the largest e-payment companies in South East Asia. He was formerly Chairman and Chief Executive of Streets Online Ltd., an online retailer where he led the trade sale to Kingfisher plc in 2000. He previously held senior director level position in Racal Electronics and general management position in NCR Corporation.

Hanson Cheah (aged 44), Non-Executive Director

Mr. Cheah has over 18 years of technology management and venture capital investment experience in Asia. Mr. Cheah was a co-founder of AsiaTech Ventures in Hong Kong managing approximately US\$180 million in technology investments since 1998, working closely with corporate investors such as Sun Microsystems, NTT DoCoMo, and Fujitsu. Prior to founding AsiaTech, Mr. Cheah was the Indonesian Country Manager and Regional Portfolio Manager for private equity firm Transpac Capital and was the chairman of the Venture Capital Association in Hong Kong in 2004-2005. He holds a Bachelors and Masters Degree in Mechanical Engineering (Massachusetts Institute of Technology, USA) and a Certificate of Management Science (Stanford University, USA).

Employees

The Directors expect that within the initial six months following Admission, the Company will recruit one or two additional analysts to support the Directors on financial management, deal structuring and due diligence.

11. Co-investment and conflicts policy

The Company may co-invest in investee companies with third party investors or invite third party investors to co-invest with the Company in certain investments and in certain circumstances, on terms that are not materially more favourable than the terms on which the Company invests. This opportunity to co-invest will be made available to such third party investors in cases where the Directors consider that the Company has achieved its maximum investment in the relevant investment and provided that additional participation in the relevant investment is available for such third party investors. In any event, an invitation for co-investment will only be made when the Directors are satisfied that the interests of the Company will not be unfairly prejudiced by such invitation. In addition, Directors or other employees of the Company may, in certain circumstances, be invited to co-invest alongside the Company. In such cases, the co-investment will be subject to the unanimous approval of the non-interested Board members and compliance with the AIM Rules for Companies and in aggregate will be limited to a maximum of 25 per cent. of the total investment made the Company.

The Company may invest in companies in which one or more members of the Board are already interested. Such investments will be carried out on an arm's length basis and will only proceed with the approval of the majority of the Board, excluding the interested Director(s), who will be required to abstain from voting.

12. Valuation policy and Net Asset Value

The Net Asset Value will be calculated by the Company, and reviewed and approved by the Board.

Unquoted investments will be valued by appropriate independent external valuers on an annual basis and reviewed semi-annually by the Board. Such investments will be classed as financial assets held at fair value determined in accordance with International Accounting Standard 39.

Any quoted investments will be valued at their last recorded bid price (as appropriate to the security and exchange or market concerned), discounted, where necessary, to reflect any lack of liquidity. Where no such prices are available, such investments shall be valued at their fair market value to be determined in accordance with the policy from time to time of the Board.

13. Borrowing policy

The Company has no current intention to borrow funds. However, the Company may be indirectly exposed to the effects of gearing to the extent that investee companies have outstanding borrowings.

14. Significant Shareholders

After the Subscription there will be 12,756,929 Ordinary Shares in the Company in issue. Details of significant shareholders are given below.

<i>Shareholder</i>	<i>Number of Ordinary Shares held after Admission</i>	<i>Percentage holding following Admission</i>
Imperia Capital	4,060,378	31.8%
Chau Vinh Heng	2,222,836	17.4%
Tang Yue Nien, Martin	963,703	7.6%
Li Yiu Keung	963,703	7.6%
Gateway Sino Limited	716,846	5.6%

Following Admission, the Directors and senior management will be interested in an aggregate of 6,416,156 Ordinary Shares representing approximately 50.3 per cent. of the issued share capital of the Company.

15. Reason for Subscription and use of proceeds

The Subscription is being undertaken in order to raise funds necessary to allow the Company to pursue its investing policy. The Subscription is expected to raise approximately US\$5 million before expenses.

16. Buy-back of Ordinary Shares

Conditional on Admission, in the period from Admission until the next annual general meeting, the Directors will have Shareholder authority to make market purchases of up to 14.99 per cent. of the Ordinary Shares in issue immediately following Admission. The Directors intend to seek renewal of this authority from Shareholders at the next annual general meeting and, thereafter, at subsequent annual general meetings. The making and timing of any buy-backs will be at the absolute discretion of the Board.

The Directors intend that purchases will only be made pursuant to this authority through the market, for cash, to assist in narrowing any discount to NAV per Ordinary Share at which the Ordinary Shares may trade. Any Ordinary Shares bought back by the Company will either be held by the Company in treasury (and which may be reissued) or forthwith be cancelled.

17. Issue of new Ordinary Shares

The Company's authorised share capital is such that either further issues of new Ordinary Shares or reissues of Ordinary Shares held in treasury could be made. Subject to prevailing market conditions, the Board may decide to make one or more further such issues or reissues of Ordinary Shares for cash from time to time. Any further issues of new Ordinary Shares or reissues of Ordinary Shares held in treasury will rank *pari passu* with Ordinary Shares in issue. There are no provisions of the BVBCA which have been adopted by the Company providing pre-emption rights for existing Shareholders on the allotment of equity securities for, non-cash consideration cash or on the reissue of equity securities out of treasury.

18. Registrar

With effect from Admission, Computershare Investor Services (B.V.I.) Limited will act as the Company's registrar. The Registrar has been appointed by the Company pursuant to a registrar agreement described in paragraph 9.7 of Part IV of this Document.

19. Lock-in and orderly marketing arrangements

The Directors (other than Hanson Cheah and Ernest Wong) and Imperia Capital will collectively be interested in 6,416,156 Ordinary Shares on Admission. The Directors (other than Hanson Cheah and Ernest Wong), Imperia Capital and Macdougall Nominees Limited have each entered into a lock-in agreement with Shore Capital and the Company pursuant to which they have undertaken to Shore Capital and the Company that they shall not, except in certain specified circumstances, sell,

transfer, grant any option over or otherwise dispose of the legal, beneficial or any other interest in any Ordinary Shares prior to the first anniversary of Admission (the "Locked-in Shareholders").

The Initial 2008 Subscribers (other than Patrick Macdougall/Macdougall Nominees Limited), who will collectively be interested in 470,586 Ordinary Shares on Admission have each agreed, pursuant to the terms of their respective subscription agreements (further details of which are set out in paragraph 9.8 of Part IV of this Document) that they shall not, except in certain specified circumstances, sell, transfer, grant any option over or otherwise dispose of the legal, beneficial or any other interest in any Ordinary Shares in the period of six months following Admission.

The 2009 Pre-IPO Subscribers agreed to terminate their 2008 Subscription Agreements upon the terms set out in Deeds of Termination and each of them subsequently signed a 2009 Pre-IPO Subscription Agreement and subscribed for Ordinary Shares in the capital of the Company at the 2009 Pre-IPO Subscription Price (further details of which are set out in paragraph 9.10 of Part IV of this Document). The Company accepted the 2009 Pre-IPO Subscriber's subscription monies and allotted and issued to the 2009 Pre-IPO Subscribers the relevant number of Ordinary Shares at the 2009 Pre-IPO Subscription Price and collectively the 2009 Pre-IPO Subscribers are interested in 221,175 Ordinary Shares. Pursuant to the terms of the agreements the 2009 Pre-IPO Subscribers shall not, except in certain specified circumstances, sell, transfer, grant any option over or otherwise dispose of the legal, beneficial or any other interest in the Ordinary Shares in the period of six months following Admission.

The Selling Fortel Shareholders (other than Chau Vinh Heng), who will collectively be interested in 2,871,234 Ordinary Shares on Admission have each entered into a lock-in agreement with Shore Capital and the Company pursuant to which they have undertaken to Shore Capital and the Company that they shall not, except in certain specified circumstances, sell, transfer, grant any option over or otherwise dispose of the legal, beneficial or any other interest in any Ordinary Shares for the period of six months following Admission.

In addition, the Locked-in Shareholders and the Selling Fortel Shareholders have each agreed, for a period of twelve and six months respectively following the first anniversary of Admission, not to dispose of any legal, beneficial or any other interest in Ordinary Shares without the prior written consent of Shore Capital, except in certain specified circumstances. Furthermore, if such consent is given, the Locked-in Shareholders and the Selling Fortel Shareholders have each agreed to effect such disposal only through Shore Capital (or the Company's broker from time to time), in such orderly manner as Shore Capital (or the Company's broker from time to time) shall, acting reasonably, determine so as to ensure an orderly market in the Ordinary Shares.

GC Partners, which has entered into an option agreement with the Company (further details of which are set out in paragraph 9.4 of Part IV of this Document), has entered into an orderly marketing agreement with Shore Capital and the Company pursuant to which GC Partners has agreed, to the extent that GC Partners exercises its option and becomes a Shareholder of the Company, for the period of twelve months following Admission, not to dispose of any legal, beneficial or any other interest in Ordinary Shares without the prior written consent of Shore Capital, except in certain specified circumstances. Furthermore, if such consent is given, GC Partners has agreed to effect such disposal only through Shore Capital (or the Company's broker from time to time), in such orderly manner as Shore Capital (or the Company's broker from time to time) shall, acting reasonably, determine so as to ensure an orderly market in the Company's Ordinary Shares.

20. Admission, settlement and CREST

Application has been made to the London Stock Exchange for the Ordinary Shares to be admitted to trading on AIM. Admission is expected to take place on 19 October 2009.

It is expected that share certificates in relation to the Ordinary Shares will be despatched by the Company's Registrars no later than 30 October 2009.

It is not currently possible for BVI securities to be held or transferred through CREST and therefore the Directors have made arrangements for (i) instruments representing Ordinary Shares to be settled through CREST, being depository instruments which represent the Ordinary Shares and (ii) for dematerialised depository instruments to be issued, which are then held in trust for their holders. Further details of these arrangements are set out in paragraph 13 of Part IV of this Document. CREST is the paperless settlement procedure enabling securities to be evidenced

otherwise than by certificate and transferred otherwise than by written instrument. CREST is a voluntary system and shareholders who wish to retain certificate will be able to do so.

21. Corporate governance

There is no formal corporate governance regime applicable to BVI companies. However, the Board intends that the Company should operate substantially in compliance with the QCA Corporate Governance Guidelines for AIM companies to the extent considered applicable to the Company. The Board has established an audit committee, a remuneration committee and an investment committee with formally delegated rules and responsibilities. Each of these committees will meet regularly and at least twice each year.

The audit committee comprises Patrick Macdougall, John Croft (as Chairman) and Hanson Cheah. The audit committee is responsible for both ensuring that the financial performance of the Company is properly reported on and monitored and for reviewing the auditor's reports relating to accounts and internal control systems.

The remuneration committee comprises Patrick Macdougall (as Chairman), John Croft and Hanson Cheah. The remuneration committee is responsible for the review and recommendation of the scale and structure of remuneration for senior management including the award of share options.

The Investment Committee comprises Patrick Macdougall (as Chairman), Duncan Chui and Hanson Cheah. The Investment Committee will review existing investments and decide whether or not to invest in new opportunities.

The Company has adopted a code similar to the Model Code, for Directors' dealings in securities of the Company, which is appropriate for a company quoted on AIM. The Directors will also comply with Rule 21 of the AIM Rules for Companies relating to Directors' dealings.

22. Meetings, reports and accounts

The Company will hold an annual general meeting each year.

The annual reports and accounts of the Company will be made up to 31 December in each year with copies sent to Shareholders within the following six months. Unaudited interims for the six months to 30 June will be announced through a Regulatory Information Service. The first financial period of the Company covered the period from incorporation to 31 December 2008.

The audited accounts of the Company will be prepared and presented in accordance with International Accounting Standards.

The annual accounts of the Company will be published in US dollars.

23. Taxation

Information regarding United Kingdom, BVI and Hong Kong taxation for potential Shareholders is set out in paragraph 12 of Part IV of this Document.

24. Risk factors

The Company's business is dependent on many factors and potential investors are advised to read the whole of this Document, and in particular Part II entitled "**Risk Factors**".

25. Further information

Your attention is drawn to the additional information in Parts II to IV of this Document.

PART II

RISK FACTORS

An investment in the Company's Ordinary Shares involves a high degree of risk. Accordingly, prospective investors should carefully consider the specific risk factors set out below in addition to the other information contained in this Document before investing in the Ordinary Shares. The Directors consider the following risks and other factors to be most significant for potential investors in the Company, but the risks listed below do not necessarily comprise all those associated with an investment in the Company and are not set out in any particular order of priority. Additional risks and uncertainties not currently known to the Directors may also have an adverse effect on the Company's business.

If any of the risk scenarios envisaged below occur, the Company's business, financial condition, capital resources, results or future operations could be materially adversely affected. In such a case, the price of the Ordinary Shares could decline and investors may lose all or part of their investment.

RISKS RELATING TO THE ORDINARY SHARES AND AIM

Investment in AIM securities

It may be more difficult for an investor to realise his or her investment on AIM than it is to realise an investment in a company whose shares or other securities are quoted on the Official List. The AIM Rules for Companies are less demanding than those of the Official List. Therefore, an investment in a share which is traded on AIM is likely to carry a higher risk than an investment in a share which is quoted on the Official List. The market for the Company's Ordinary Shares may be highly volatile and subject to wide fluctuations in response to a variety of factors, which could lead to losses for Shareholders. These factors include, amongst others, the following: changes in the Chinese tax regime; additions or departures of key personnel at the Company; and adverse press, newspaper and other media reports.

Market value of Ordinary Shares

Shareholders should be aware that the value of the Ordinary Shares may be volatile and may go down as well as up and Shareholders may therefore not recover all, or any, of their original investment, especially as the market in Ordinary Shares on AIM may have limited liquidity.

There can be no assurance that the market value of the Ordinary Shares in the capital of the Company will reflect their underlying Net Asset Value.

Stock markets have from time to time experienced extreme price and volume volatility which, in addition to general economic and political conditions, could adversely affect the market price of Ordinary Shares.

Since the Ordinary Shares have not previously traded, their market value is uncertain. There can be no assurance that the market will value the Ordinary Shares at or above the 2009 Subscription Price or the Net Asset Value per Ordinary Share. Following Admission, the market price of the Ordinary Shares may be volatile and may go down as well as up and investors may therefore be unable to recover their original investment. The Company's operating results and prospects from time to time may be below the expectations of market analysts and investors. At the same time, share market conditions may affect the Ordinary Shares regardless of the operating performance of the Company. Share market conditions are affected by many factors, such as general economic outlook, movements in or outlook on interest rates and inflation rates, currency fluctuations, commodity prices, changes in investor sentiment towards particular market sectors and the demand for and supply of capital. Accordingly, the market price of Ordinary Shares may not reflect the underlying value of the Company's investments, and the price at which investors may dispose of their Ordinary Shares at any point in time may be influenced by a number of factors, only some of which may pertain to the Company while others may be outside the Company's control.

Future issues of Ordinary Shares could be dilutive

It may be necessary, at some time in the future, for the Company to issue additional Ordinary Shares to fund the growth plans of the Company. Any such issue would dilute the interests of Shareholders and could impact upon the price of the Ordinary Shares. Statutory pre-emption rights have been excluded. There are no pre-emptive rights on the issue or sale of Ordinary Shares.

Limited regulatory control

The holders of Ordinary Shares will not enjoy any protections or rights other than those reflected in the Articles and those rights conferred by law. Neither the Listing Rules of the UK Listing Authority nor the Combined Code will apply to the Company unless they are voluntarily adopted.

City Code on Takeovers and Mergers

The City Code on Takeovers and Mergers does not apply to the Company and therefore any takeover of the Company will be unregulated by UK takeover authorities and Shareholders will not be provided with the full protections afforded by the City Code on Takeovers and Mergers.

RISKS RELATING TO THE COMPANY'S BUSINESS AND STRUCTURE

The Company has limited operating history

The Company was incorporated on 18 January 2008 and has a limited operating history. There can be no assurance that the Company's investing policy or the dividend and other projections set out in the Document will be achieved.

Investments

The success of the Company will be dependent upon, *inter alia*, the identification, making, management and realisation of suitable investments. There can be no guarantee that such investments can or will be made or that such investments will be successful. Poor performance by any investment could severely affect the Net Asset Value per Ordinary Share. In particular, investors should note that:

- on Admission, the Company's only investment will be that in Fortel BVI. There can be no guarantees over the future performance of Fortel BVI or that the value of CPE's shareholding in Fortel BVI will increase over time;
- as at the date of this Document, the Company has not identified all of its potential targets. Shareholders will not have an opportunity to evaluate for themselves the relevant economic, financial and other information regarding the investments to be made by the Company and, accordingly, will be dependent upon the judgement and ability of the Directors in investing and managing the assets of the Company. No assurance can be given that the Company will be successful in obtaining suitable investments, or that if such investments are made, the investing policy of the Company will be achieved;
- the Company is likely in most cases to have minority interests in the companies in which it invests and may be unable to exercise control over the operations of such companies or the timing of an exit;
- the Company will be investing predominantly in small, unquoted companies which may be difficult to value and/or realise. Investments in smaller companies typically involve more risk than larger, more established companies as they may have limited product offerings, markets or financial resources and may be dependent on a small number of key individuals;
- the Company may be unable to effect an investment in an identified opportunity and the resources of the Company may be expended investigating potential projects which are subsequently rejected as being unsuitable;
- the Company may dispose of investments in certain circumstances and may be required to give representations and warranties about those investments and to pay damages to the extent that such representations or warranties turn out to be inaccurate; and
- an investee company's competitors may develop or market technologies that are more effective or less expensive than those developed or marketed by the investee company, or that would render the investee company's technology or business model obsolete or uncompetitive.

Dependence on key personnel

The Company will be dependent on the ability of the Directors, in particular Duncan Chui Tak Keung, and key employees to source and invest in attractive opportunities. In so doing, the Company will be reliant not only on the experience and ability of those Directors and employees, but also on relationships and business networks that certain key individuals have developed over a

number of years. If such individuals were to leave the Company, it could, in the short term, have a negative impact on the Company's ability to achieve its investing policy.

Concentration risk

Initially, the Company will have a limited number of investee companies such that certain investments will represent a significant proportion of the Company's total assets. As a result, the impact on the Company's performance and the potential returns to investors will be more adversely affected if any one of those investments were to perform badly than would be the case if the Company's portfolio of investments was more diversified.

Control by Imperia Capital

Immediately after Admission Imperia Capital, a company in which Duncan Chui is a director and 25 per cent. shareholder, will hold approximately 31.8 per cent. of the Ordinary Shares. By virtue of the level of its shareholding, Imperia Capital and Duncan Chui will be able to exercise substantial influence over the Company's business following Admission. In addition, there could also be conflict of interests between Imperia Capital, Duncan Chui and the Company's other shareholders.

Conflicts of interest

Certain Directors of the Company have other interests in China. The Company may, from time to time, invest in companies where such Directors are already interested, but only after approval of the Investment Committee and subject to compliance with the AIM Rules for Companies. In so doing, the Company may choose to acquire the interests of those Directors. The Company will seek to conduct such transactions on arm's length commercial terms, under conditions consistent with fair market value and industry practice and the transactions will be subject to the AIM Rules for Companies and approval of the Investment Committee. Notwithstanding such procedures, there remains a risk that such transactions may benefit such Directors or may be to the detriment of the Company to an extent which is greater than would be the case if the transactions were with independent parties.

Chinese economic conditions

Changes in economic conditions in China (for example, interest rates, inflation, rates of tax, industry conditions, regulatory protection, competition, political and diplomatic events and other factors) or adverse economic conditions in China could substantially and adversely affect the Company's prospects and returns.

British Virgin Islands Company law

As a Company incorporated under the BVIBCA, the rights of Shareholders will be governed by BVI law and the Company's Memorandum and Articles. The rights of shareholders under BVI law differ from the rights of shareholders of companies incorporated in other jurisdictions. For example, there are very limited statutory protection rights for minority shareholders.

Any final and conclusive monetary judgment obtained against the Company in the courts of England and Wales or those countries listed in the BVI Reciprocal Enforcement of Judgments Act (Cap. 65) 1991, for a definite sum, may be registered and enforced as a judgment of the BVI court if application is made for registration of the judgment within twelve months or such longer period as the court may allow, and if the BVI court considers it just and convenient that the judgment be so enforced. Alternatively, the judgment may be treated as a cause of action in itself so that no retrial of the issues would be necessary. In either case, it will be necessary that in respect of the foreign judgment:

1. the foreign court issuing the judgment had jurisdiction in the matter and the judgment debtor either submitted to such jurisdiction or was resident or carrying on business within such jurisdiction and was duly served with process;
2. the judgment given by the foreign court was not in respect of penalties, taxes, fines or similar fiscal or revenue obligations of the Company;
3. in obtaining judgment there was no fraud on the part of the person in whose favour judgment was given, or on the part of the foreign court;
4. recognition or enforcement of the judgment in the BVI would not be contrary to public policy;

5. the proceedings pursuant to which judgment was obtained were not contrary to natural justice; and
6. the judgment given by the foreign court is not the subject of an appeal.

Any final and conclusive monetary judgment obtained against the Company in the courts of all countries not covered by the BVI Reciprocal Enforcements of Judgements Act (Cap. 65) 1991 for a definite sum, may be treated by the courts of the BVI as a cause of action in itself so that no retrial of the issues would be necessary provided that in respect of the foreign judgment:

1. the foreign court issuing the judgment had jurisdiction in the matter and the Company either submitted to such jurisdiction or was resident or carrying on business within such jurisdiction and was duly served with process;
2. the judgment given by the foreign court was not in respect of penalties, taxes, fines or similar fiscal or revenue obligations of the Company;
3. in obtaining judgment there was no fraud on the part of the person in whose favour judgment was given or on the part of the court;
4. recognition or enforcement of the judgment in the BVI would not be contrary to public policy; and
5. the proceedings pursuant to which judgment was obtained were not contrary to natural justice.

Currency risk

The Company does not intend to convert the net proceeds of the Subscription into RMB immediately, but will do so as it becomes necessary to finance investments or to cover expenses incurred. The Company anticipates that predominantly all revenues earned and most expenses incurred will be denominated in RMB. The price of the Ordinary Shares will be quoted in US dollars and any dividends declared will be paid in US dollars. The Directors do not intend to implement a currency hedging policy. The Company's Net Asset Value and the amount of income available for distribution will therefore be affected by movements in RMB against US dollars which may result in the Company's Net Asset Value or funds available for distribution to Shareholders as dividends being reduced. This may have an adverse effect of the Company's ability to pay dividends to Shareholders.

Competition

Certain private equity and direct investment funds have become active in seeking investment opportunities with a focus on China. The Company may face significant competition from both other foreign investment funds and strategic investors. Many competitors have greater financial resources than the Company and a greater ability to borrow funds to acquire assets. Competition for attractive investment opportunities may lead to higher asset prices which may affect the Company's ability to invest on attractive terms. Such conditions may have a material adverse impact on the Company's ability to secure attractive investment opportunities and consequently may have an adverse effect on the returns generated for Shareholders.

Tax legislation

Any change in the Company's tax status, or in taxation legislation in the BVI, the United Kingdom or elsewhere, could affect the value of its investments and the Company's ability to achieve its investing policy, or alter the post-tax returns to Shareholders.

Statements in this Document concerning the taxation of UK Shareholders are based upon current UK tax law and practice, which laws and practice are in principle subject to change that could adversely affect the ability of the Company to meet its investing policy.

Prospective investors are urged to consult their tax advisers with respect to their particular tax situations and the tax effects of an investment in the Company.

Borrowings

Prospective investors should be aware that whilst the use of borrowings can enhance the Net Asset Value per Ordinary Share where the value of the Company's investments is rising, it can also reduce the Net Asset Value per Ordinary Share where the underlying net asset value is falling. This could adversely affect the Net Asset Value per Ordinary Share and returns to

Shareholders. The use of external borrowings magnifies both the favourable and unfavourable effects of price movements in the Company's investments. Furthermore, should any fall in the asset value of the investments result in the Company breaching any financial covenants contained in any borrowing agreements, the Company may be required to repay such borrowings in whole or in part together with any associated costs. This could further adversely affect the Net Asset Value per Ordinary Share and returns to Shareholders.

Forward-looking statements

This Document includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "may", "will", or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include matters that are not historical facts and include statements regarding the Company's intentions, beliefs or current expectations.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. A number of factors could cause actual results and developments to differ materially from those expressed or implied by the forward-looking statements including, without limitation, the factors described in this risk factors section. Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements in this Document reflect the Company's view with respect to future events as at the date of this Document and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Company's operations and investment policy. Save as required by law, the Company has no obligation to release publicly the results of any revisions to any forward-looking statements in this Document that may occur due to any change in its expectations or to reflect events or circumstances after the date of this Document.

RISKS RELATING TO INVESTMENTS IN GREATER CHINA

Government policies and legislation

The introduction of new policies or legislation or amendments to existing policies or legislation by China's governments or the interpretation of those laws in jurisdictions under which investee companies operate could have an adverse impact on the assets, operations and ultimately the financial performance of investee companies.

Political relations between international community and China

The relationship between China and the rest of the international community may change over time. Change in political conditions in China may lead to less liberal or less business friendly investment policies. Changes in political conditions in China may also lead to the implementation of embargoes or economic sanctions by developed countries against Chinese companies or companies doing business in China, which in turn could result in investee companies prematurely terminating their business arrangements, or require the Company to sell its investments at less than fair market value or prevent the repatriation of the sale proceeds from any termination or dissolution of the Company's business arrangements.

State ownership

The Chinese economy has been undergoing a transition from a planned economy to a more market-oriented economy. Although in recent years the government of China (the "Government") has implemented economic reforms and reduced state ownership and established better corporate governance in business enterprises, a substantial portion of productive assets in China are still owned by the Government. In addition, the Government continues to play a significant role in regulating industry by imposing industrial policies. It also exercises significant control over economic growth through the allocation of resources, control of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. The future earnings of investee companies could be affected if the Government were to reverse recent trends and impose restrictions which affect (directly or indirectly) the businesses of investee companies.

Government economic intervention

The Chinese economy has experienced uneven growth both geographically and between various sectors of the economy. The Government has implemented various measures from time to time to control the rate of economic growth and could continue do so in the future. Some of these measures may have a negative effect on investee companies. For example, the operating results of an investee company and its financial position may be adversely affected by changes in the rates or methods of taxation and imposition of additional restrictions on currency conversion and remittances abroad.

Foreign exchange controls

Foreign exchange transactions (including the repatriation of investment returns and capital) continue to be subject to foreign exchange controls of the Chinese State Administration of Foreign Exchange. Currently no governmental approval is required to repatriate profits and dividends out of China to foreign shareholders. Capital may also be repatriated after the capital decrease has been approved by the relevant authorities. However, there is the risk that in future governmental approval will be required and that in the event any investee company fails to obtain such approval, capital will not be repatriated. In addition, any relaxation or abolition of exchange controls may give rise to capital outflows from China which could, among other things, adversely affect the strength of the RMB and the availability and cost of funding in China and could give rise to higher interest rates, thereby adversely affecting the Chinese economy and correspondingly adversely affecting investee companies.

Developing legal system

The Chinese legal system is a system based on written statutes and their interpretation by the Supreme People's Court. Prior court decisions may be cited for reference but have limited precedential value. Their interpretation or their enforcement or changes to the law may have a material adverse effect on the operations of investee companies.

PRC legislation

On 8 August 2006, six PRC regulatory agencies, including the China Securities Regulatory Commission (the "CSRC"), promulgated the Rules on Mergers and Acquisition of Domestic Enterprises by Foreign Investors (the "New M&A Rules") that became effective on 8 September 2006 ("Effective Date").

This regulation has a number of provisions which purport that an offshore special purpose vehicle formed for listing purposes and controlled directly or indirectly by PRC companies or individuals is required to obtain the approval of the CSRC prior to listing and trading of securities on an overseas stock exchange. The application of the new regulations to special purpose vehicles which have duly established foreign invested enterprises incorporated prior to the Effective Date to acquire PRC domestic enterprises is unclear.

The Company's PRC lawyers have advised that it is not necessary for the Company to obtain approval from the CSRC in relation to Admission for the following reasons: (i) neither the Company nor any member of its group is considered to be controlled by PRC residents and (ii) neither the Company nor any member of its group is considered to fall within the definition of "special purpose vehicle" under the applicable legislation.

The negative effect arising from the uncertainty of the New M&A Rules in relation to future investments involved in the restructuring process in the PRC

Under the New M&A Rules, Circular 75 and Circular 106, there are stringent requirements in relation to restructuring a PRC domestic enterprise to a FIE for overseas financing and listing purposes.

The Company and its subsidiaries may invest in domestic PRC companies after first restructuring them into FIEs. Such restructuring may be subject to the approval of the Ministry of Commerce of the PRC, its local branches or other PRC regulatory authorities. There is a possibility that the Company or the investee company may not be able to satisfy all the regulatory requirements under PRC law and regulations. The approval process of restructuring is not only time-consuming but also presents opportunities for the authorities to scrutinise the Contractual Arrangements in relation to the Fortel Group and other investment projects. Meanwhile, various specific PRC legal

requirements (such as state-owned asset appraisal and SAFE registration) may also apply to the restructuring process and may add further complexities and variables to the process.

Even where the proposed restructuring appears feasible under current PRC law and regulations, the number of elements, such as the size, locality, approval level, industry, complexity, and sensitivity involved in the restructuring can significantly affect and lengthen the approval period. The uncertainty involved in the restructuring process may restrict the Company's ability to secure new projects which could have a material adverse effect on its future business operations.

Recent PRC regulations relating to the establishment of offshore special purpose companies by PRC residents

On 21 October 2005, SAFE promulgated the Circular Regarding Foreign Exchange Control for Fundraising And Offshore-Domestic Investments by PRC residents through Special Purpose Vehicles ("Circular 75"), which took effect on 1 November 2005. Circular 75 requires PRC natural persons and certain foreign citizens ("PRC residents") to register with the local SAFE branch prior to establishing or controlling any company outside of the PRC for the purpose of equity financing with capital assets or equities of its PRC domestic companies, referred to in the SAFE Notice as an "offshore special purpose company" ("SPV"). On 29 May 2007, SAFE formulated internal implementation rules and guidelines clarifying Circular 75 ("SAFE Notice 106"). Under Circular 75 and SAFE Notice 106, SPVs are broadly defined to cover an offshore company or a number of such companies either established by PRC residents or alternatively controlled by PRC residents by means of acquisition, trusteeship, holding shares on behalf of others, voting rights, call options, convertibles bonds etc. The definition of PRC residents also covers certain foreign individuals notwithstanding such individuals do not hold PRC legal identification subject to SPV Registration.

Circular 75 requires PRC residents to register with the local SAFE before establishing or acquiring control of SPVs (the "SPV Registration"). Circular 75 also imposes requirements in relation to the flow of proceeds raised through overseas financing by SPVs. According to Circular 75, upon completion of an overseas fundraising exercise, including an equity transfer, private fund raising or an initial public offering, funds raised should be remitted to and used in the PRC in accordance with the use plan of proceeds disclosed in business plans or the admission document. Any profits, bonuses or funds payable to PRC residents in relation to the SPV shall be remitted to the PRC within 180 days of receipt.

According to Circular 75 and SAFE Notice 106, PRC residents are required to modify the SPV Registration within certain time limits upon material changes in the capital structure of the SPVs, including but not limited to equity transfers and alteration of share capital. Subsidiaries of an SPV in the PRC are obliged to coordinate the relevant PRC resident shareholders to proceed with the SPV Registration and subsequent amendments thereto and to report to the local SAFE branch of any refusal to make a filing.

The Company's PRC lawyers have advised that Circular 75 is not applicable and no SPV Registrations are required for any shareholders, controllers or beneficial owners of the Company or any member of its group because neither the Company nor any member of its group is directly or indirectly held or controlled by a PRC resident within the meaning of Circular 75.

The Company will carry out due diligence on the companies in which it will invest, including diligence on the identity of existing shareholders of investee companies but it cannot ensure that it and any member of its group will be fully informed of the identities of all the shareholders of investee companies who are PRC residents or controlled by PRC residents. Moreover, it does not have control over shareholders of investee companies and cannot assume nor rely on the fact that these PRC residents will comply with Circular 75.

The failure by those PRC residents who are shareholders or controlling beneficial owners of investee companies, which are incorporated outside the PRC but have had subsidiaries in the PRC, to register or amend their SAFE registrations in a timely manner pursuant to Circular 75 or the failure of such PRC residents to comply with the registration procedures set out in Circular 75 and SAFE Notice 106 may subject such PRC residents or the relevant PRC subsidiaries, to fines and legal sanctions and may also limit the Company's ability to contribute capital to the PRC subsidiaries of the relevant investee company, limit the relevant PRC subsidiaries' ability to distribute dividends to the Company or otherwise materially and adversely affect the business of the Company.

Tax uncertainty

Tax laws and regulations are under constant development and often subject to change as a result of changing government policy. Such changes may occur without sufficient warning. Implementation of various taxes may affect consumption in certain product sectors. There is a risk that changes in tax policy and regulations may adversely affect the demand for certain products or services of investee companies and therefore the Company's returns on investments.

Expansion risks

There are also potential risks associated with rapid economic growth of the magnitude China is currently experiencing. Business infrastructure, including logistics and supply chains, human resources and training, competition for real estate and locations, among others, may create bottlenecks for business growth, thereby delaying an investee company's ability to achieve its projections and consequently reducing the value of the investment into it. It is not possible for financial projections, upon which the Company's investment decisions are made, to account for all factors that may affect the ability of an investee company to grow its business as planned.

Business licences

Certain investee companies of the Company may be required to maintain business licences which tend to be of limited duration and subject to annual inspections by SAIC. There can be no guarantee that such investee companies will pass such inspections or be able to renew their business licences at the appropriate times. If an investee company loses its business licence or fails to renew it upon expiry the operations and results of the Company could be materially adversely affected.

Restriction on foreign investment and market access

Government policies and regulations continue to impose certain restrictions on foreign investment in China in terms of market access to certain industries and business sectors. Such restrictions may take the form of additional or stricter governmental approval requirements for foreign invested enterprises to enter certain industries and business sectors or heightened enforcement of existing rules prohibiting or restricting them from conducting business or undertaking projects in certain industries or business sectors that are open to Chinese domestic enterprises. The existence and implementation of such restrictions may have an adverse impact on the business operations and performance of investee companies in the event any of the investee companies fail to gain market access to certain industries or business sectors due to such restrictions.

Risks relating to the business and operations of the Fortel Group

Contractual Arrangements with GD Xinnuo

All of the Fortel Group's operations in the PRC are conducted by means of the Contractual Arrangements (described at paragraph 8.2 of Part IV) between Fortel GZ, GD Xinnuo and their respective shareholders.

The Company's PRC lawyers have advised that the ownership structures of GD Xinnuo and Fortel GZ in the PRC, both prior to and following Admission, are in compliance with existing PRC laws and regulations; the agreements in relation to the Contractual Arrangements governed by PRC law are valid, binding and enforceable and do not result in any violation of current PRC laws or regulations; and the business operations of Fortel GZ and GD Xinnuo in the PRC comply with existing PRC laws and regulations in all material respects. However, the Company's PRC lawyers cannot completely rule out the possibility that any relevant PRC regulatory authorities may form a different opinion to that set out above.

If the Contractual Arrangements are considered by the relevant PRC regulatory authority to be in violation of any existing or future PRC laws or regulations or that there has been a failure to obtain or maintain any of the required permits or approvals, the relevant PRC regulatory authority would have broad discretion to restrict the business operations of Fortel GZ or GD Xinnuo in the PRC, or to do any of the following:

- revoke the business and operating licences of Fortel GZ or GD Xinnuo;
- discontinue or restrict the operations of Fortel GZ or GD Xinnuo;
- impose fines or other requirements with which Fortel GZ or GD Xinnuo may not be able to comply; or

- require Fortel GZ and affiliated entities to restructure the relevant ownership structure, operations or Contractual Arrangements.

Any of the restrictions mentioned above may result in the operations and results of the Fortel Group being materially adversely affected.

The Company's PRC lawyers have advised that the Exclusive Services Agreement (described at paragraph 8.2 of Part IV) between Fortel GZ and GD Xinnuo governed by PRC law is valid, binding and enforceable and does not result in any violation of current PRC laws or regulations. However, the Company's PRC lawyers cannot completely rule out the possibility that the PRC tax authorities may consider the service fees charged by Fortel GZ too high to substantiate an arm's length agreement between the parties for the purpose of anti transfer pricing. If the PRC tax authorities challenge the fee structure under the Exclusive Services Agreement between Fortel GZ and GD Xinnuo, this may result in the operations and results of the Fortel Group being materially affected.

The Company's PRC lawyers have taken the view that the Share Pledge Agreement (described at paragraph 8.2 of Part IV) between Fortel GZ and the PRC Shareholders governed by PRC law is valid, binding and enforceable and does not result in any violation of current PRC laws or regulations. Nevertheless, as a new requirement introduced by the Property Rights Law effective as of 1 October 2007, the pledge right under the Share Pledge Agreement must be filed for registration with the relevant provincial administration for industry and commerce in Guangdong ("GD AIC"). As a matter of law, the pledge right under the Share Pledge Agreement is not established until the Share Pledge Agreement is properly registered.

The practice rules relating to the requirement to register the Share Pledge Agreement were recently promulgated by SAIC and took effect from 1 October 2008. GD AIC consequently began to accept share pledge registration, pursuant to the new practice rules. The PRC Shareholders and GD Xinnuo have agreed to procure the necessary registration with GD AIC in due course. However, the Company's PRC lawyers cannot completely rule out the possibility that if a bona fide third party successfully registers another share pledge right over the share equity of GD Xinnuo prior to Fortel GZ's registration of its rights under the Share Pledge Agreement, that third party's pledge right will be protected by law and will prevail over Fortel GZ's pledge right. This may result in the operations and results of the Fortel Group being materially affected.

Loans of the PRC Shareholders

The repayments under the Loan Agreement described at paragraph 8.2 of Part IV between Fortel HK and the PRC Shareholders are not secured against the personal assets of the PRC Shareholders, however their ability to repay the balance outstanding under the Loan Agreement may result in the operations and results of the Fortel Group being materially adversely affected.

Additionally, SAFE registration will be required in order to settle the debts of the PRC Shareholders under the Loan Agreement in the PRC. However, at the date of this Document, there are no implementing rules of the relevant PRC regulatory authority in respect of the approval procedures. If the PRC Shareholders do not have sufficient assets located overseas to repay the balance under the Loan Agreement there is a risk that the validity of the Loan Agreement may not be accepted by the relevant PRC regulatory authority due to a failure to register it with SAFE. Accordingly it remains unclear whether claims for settlement of the Loan Agreement against the capital and assets of the PRC Shareholders located in the PRC could be enforced by a PRC court. In addition, PRC Residents are subject to certain PRC regulatory procedures and restrictions on the remittance and exchange of foreign currency in the PRC. Failure by the PRC Shareholders to follow these regulatory requirements may attract personal liability, which may result in the operations and results of the Fortel Group being materially, adversely affected.

Business licences

Certain members of the Fortel Group are required to maintain business licences which are of limited duration and which are subject to annual inspections by SAIC. No guarantee can be given that Fortel Group members will pass such inspections or that they will be able to renew their business licences at the appropriate times. If a Fortel Group member loses its business licence or fails to renew it upon expiry the operations and results of the Fortel Group could be materially adversely affected.

Compliance of PRC regulations on Internet content

The PRC government has adopted regulations governing Internet access and the distribution of information over the Internet. Under these regulations, Internet content providers and Internet publishers are prohibited from posting or displaying over the Internet content that, among other things, violates PRC laws and regulations, impairs the national dignity of China, or is reactionary, obscene, superstitious, fraudulent or defamatory. Failure to comply with these requirements may result in the revocation of licences to provide Internet content and other licences, and the closure of the concerned websites. The website operator may also be held liable for such censored information displayed on or linked to the websites. If any websites operated or to be operated by GD Xinnuo are found to be in violation of any such requirements, GD Xinnuo may be penalised by relevant authorities and the operations or reputation of the Fortel Group and the Company could be adversely affected.

Restrictions on foreign investment and market access

Government policies and regulations in the PRC continue to impose certain restrictions on foreign investment in terms of market access to certain industries and business sectors. Such restrictions may take the form of additional or stricter governmental approval requirements for FIEs to enter certain industries and business sectors or heightened enforcement of existing rules prohibiting or restricting FIEs from conducting business or undertaking projects in certain industries or business sectors that are open to Chinese domestic enterprises. Recent restrictions include those introduced in the PRC that affect foreign investment in the real estate market as well as those imposed by governmental authorities in the PRC to curtail the value added business activities by foreign entities and FIEs in the telecommunication service sector. The existence and implementation of such restrictions may have an adverse impact on the business operations and performance of investee companies in the event any of the investee companies fail to gain market access to certain industries or business sectors due to such restrictions. Further, until the policies and regulations in the PRC are changed, the Company will not be able to directly control such businesses restricted or prohibited to foreign investment. The Company can only participate in businesses in such prohibited or restricted industries by contractual arrangements with eligible Chinese domestic entities.

In particular, the Fortel Group is currently restricted from engaging in the value added telecommunication services and is prohibited from engaging in the provision of Internet video and audio programmes service and Internet cultural business under current PRC law. The PRC government regulates these businesses through strict licensing requirements and other government regulatory measures. These PRC laws and regulations also set out limitations on foreign ownership in PRC companies in the above-mentioned industries. Accordingly, under current law the Fortel Group is not permitted to own shares in GD Xinnuo but must instruct designated PRC residents to do so to enforce its rights under the Share Pledge Agreement or the Call Option Agreement described at paragraph 8.2 of Part IV of this Document.

Investors should therefore consider carefully whether investment in the Company is suitable for them, in view of the risk factors outlined above and the information contained in this Document, their personal circumstances and the financial resources available to them.

PART III
FINANCIAL INFORMATION
(a) Accountants' Report on the Company



The Directors
China Private Equity Investment Holdings Limited
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Road Town, Tortola
British Virgin Islands VG1110

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Tower Bridge House
St. Katherine's Way
London E1W 1DD

The Directors
Shore Capital and Corporate Limited
Bond Street House
14 Clifford Street
London W1S 4JU

30 September 2009

Dear Sirs

Introduction

We report on the financial information set out below on China Private Equity Investment Holdings Limited ('the Company'), which has been prepared for inclusion in the AIM Admission Document ('the Document') dated 30 September 2009 of the Company on the basis of the principal accounting policies set out in Note 2 to the financial information. This report is required by Schedule Two of the AIM Rules and is given for the purpose of complying with that schedule and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the financial information on the basis of preparation set out in Note 2 to the financial information and in accordance with applicable International Financial Reporting Standards.

It is our responsibility to form an opinion on the financial information as to whether the financial information gives a true and fair view, for the purposes of the Document, and to report our opinion to you.

Basis of Opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial statements underlying the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement, whether caused by fraud or other irregularity or error.

Opinion

In our opinion the financial information gives, for the purposes of the Document dated 30 September 2009, a true and fair view of the state of affairs of the Company as at the date stated and of its loss and cash flows for the period then ended in accordance with the basis of preparation set out below and in accordance with applicable International Financial Reporting Standards and has been prepared in a form that is consistent with the accounting policies adopted by the Company.

Declaration

For the purposes of paragraph (a) of Schedule Two of the AIM Rules we are responsible for this report as part of the Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Document in compliance with Schedule Two of the AIM Rules.

Yours faithfully

Mazars LLP
Chartered Accountants

BALANCE SHEET

The Balance Sheet of the Company as at 31 December 2008 is set out below:

	<i>Notes</i>	2008 US\$'000
Non-current assets		
Property, plant and equipment	7	2
Current assets		
Investment	8	19,122
Other receivables	9	1,351
Cash and cash equivalents		133
		<u>20,606</u>
Current liabilities		
Other payables and accruals	10	476
Shareholder's loan	11	265
		<u>741</u>
Net current assets		<u>19,865</u>
Net assets		<u>19,867</u>
Equity and reserves		
Share capital	12	20,347
Accumulated loss		(480)
Total equity and reserves		<u><u>19,867</u></u>

INCOME STATEMENT

The Income Statement of the Company for the period from incorporation on 18 January 2008 to 31 December 2008 is set out below:

	<i>Notes</i>	<i>US\$'000</i>
Administrative expenses		(508)
Operating loss	4	(508)
Finance income	5	28
Loss before taxation		(480)
Taxation	6	—
Loss for the period		(480)
Loss per share – from continuing operations (cents) (note 16)		
Basic and diluted		(13) US cents

STATEMENT OF CHANGES IN EQUITY

	Share capital US\$'000	Accumulated losses US\$'000	Total US\$'000
Issue of shares	20,347	—	20,347
Loss for the period	—	(480)	(480)
Balance at 31 December 2008	<u>20,347</u>	<u>(480)</u>	<u>(19,867)</u>

Accumulated losses represent the cumulative net gains and losses recognised in the income statement.

No dividends were paid during the period ended 31 December 2008.

CASH FLOW STATEMENT

The cash flow statement of the Company for the period from incorporation 18 January 2008 to 31 December 2008 is as follows:

	2008 US\$'000
<i>Cash generated from operating activities</i>	
Loss before taxation	(480)
Adjustments for:	
Depreciation	1
Finance income	(28)
	<u>(507)</u>
Increase in other receivables	(1,351)
Increase in accounts and other payables	476
	<u>(1,382)</u>
Net cash used from operating activities	(1,382)
<i>Cash flows from investing activities</i>	
Acquisition of property, plant and equipment	(3)
Finance income	28
	<u>(25)</u>
Net cash flows from Investing activities	(25)
<i>Cash flows from financing activities</i>	
Issue of shares	1,225
Loan from a shareholder	265
	<u>1,490</u>
Net cash flows from financing activities	1,490
Net increase in cash and cash equivalents	133
Cash and cash equivalent at the beginning of the period	—
	<u><u>133</u></u>
Cash and cash equivalent at the end of the period	133

There were no major non-cash transactions during the current period.

NOTES TO THE FINANCIAL INFORMATION

1. General information

The Company is a limited company incorporated in the British Virgin Islands under the British Virgin Islands Business Companies Act 2004 on 18 January 2008. The address of the registered office is Room 803, 8/F, Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong. The Company was set up with an intention to position itself to be a Chinese and Asian focused AIM listed private equity investment holding group. The Company will seek to identify suitable private equity investment opportunities in China.

2. Accounting policies

Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below.

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs and IFRIC interpretations) as adopted by the European Union, and with those parts of the British Virgin Islands Business Companies Act 2004 applicable to companies preparing their accounts under IFRS. The financial statements have been prepared under the historical cost convention, as modified by revaluation of financial assets and financial liabilities at fair value through the income statement.

The Company has not applied the following IFRSs and IFRICs that are applicable to the Company and that have been issued but are not yet effective:

IAS 23, Borrowing costs, revised 2007 (effective 1 January 2009),

IAS 27, Consolidated and Separate Financial Statements, revised 2008 (effective 1 July 2009),

IAS 32, Financial Instruments: Presentation, revised 2008 (effective 1 January 2009),

IFRS 1, First-time adoption of international financial reporting standards – amendment relating to cost of an investment on first-time adoption. (effective 1 January 2009),

IFRS 2, Share-based payment – amendments resulting from April 2009 annual improvements to IFRSs (effective July 2009),

IFRS 3, Business combinations – comprehensive revision on applying the acquisition method (effective 1 July 2009),

IFRS 5, Non-current assets held for sale and discontinued operations – amendments resulting from April 2009 annual improvements to IFRSs (effective 1 January 2010)

IFRS 8, Operating Segments (effective 1 January 2009),

Comparative figures

No comparative figures have been presented as the non-statutory financial information covers the period from incorporation to 31 December 2008.

Revenue recognition

Revenue is recognised when it is possible that the economic benefits will flow to the Company and when the revenue and costs, if applicable, can be measured reliably and on the following basis:

- Dividend income is recognised when the Company's right to receive payment is established.
- Changes in the fair value of investments are recognised in income statement in the period in which those changes occur.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance are charged to the income statement during the year in which they are incurred.

Depreciation is provided to write off the cost less accumulated impairment losses of property, plant and equipment, other than construction in progress, over their estimated useful lives from the date on which they become fully operational and after taking into account their estimated residual values, using the straight-line method, at the following rates per annum:

Furniture, computer and equipment 20%

Impairment of non-financial assets

At each balance sheet date, the Company reviews internal and external sources of information to determine whether its property, plant and equipment and investment in subsidiaries have suffered an impairment loss or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs to sell and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. cash-generating unit).

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

A reversal of impairment loss is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior years. Reversal of impairment loss is recognised as income immediately.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provision of the instrument and on a trade basis. A financial asset is derecognised when the Company's contractual rights to future cash flows from the financial assets expire or when the Company transfers the contractual rights to future cash flows to a third party. A financial liability is derecognised only when the liability is extinguished.

Investments

Investments are recognised on a trade date basis. All investments held by the Company are stated at 'fair value through profit and loss' and in accordance with International Private Equity and Venture Capital Valuation ("IPEVCV") as the Company's business is to invest in financial assets with a view to profiting from their total return in the form of capital growth and income. Purchases and sales of quoted investments are recognised on the trade date where a contract of sale exists whose terms require delivery within a time frame determined by the relevant market. Purchases and sales of unlisted investments are recognised when the contract for acquisition or sale becomes unconditional.

Loans and receivables

Loans and receivables including amounts due from a director and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are not held for trading. They are measured at amortised cost using the effective interest method, except where receivables are stated at cost less impairments loss. Amortised cost is calculated by taking into account any discount premium on acquisition, over the year to maturity. Gains and losses arising from derecognition, impairment or through the amortisation process are recognised in the income statement.

Accounts and other payables

Accounts and other payables are not interest bearing and are stated at their nominal value.

Cash and cash equivalents

For the purpose of the cash flow statement, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value, net of bank overdrafts.

Impairment of financial assets

At each balance sheet date, the Company assesses whether there is objective evidence that financial assets are impaired. The impairment loss of financial assets carried at amortised cost is measured as the difference between the assets' carrying amount and the present value of estimated future cash flow discounted at the financial asset's original effective interest rate.

Financial liabilities

The Company's financial liabilities include other payables and accruals and amount due to related parties. All financial liabilities except for derivatives are recognised initially at their fair value and subsequently measured at amortised cost, using effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

Foreign currency translation

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ("functional currency"), which is Hong Kong Dollars. The financial statements are presented in United States Dollars and rounded to the nearest thousand dollars, except when otherwise indicated.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Provisions

Provision is recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Expenditures for which a provision has been recognised are charged against the related provision in the year in which the expenditures are incurred. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount provided is the present value of the expenditures expected to be required to settle the obligation.

Where the Company expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Taxation

The charge for current income tax is based on the results for the period as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss, it is not accounted for.

The deferred tax liabilities and assets are measured at the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

Leasing

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

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease.

Employee benefits

Salaries, annual bonuses, paid annual leave, leave passage and the costs of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Company. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Contributions to defined contribution retirement plans are recognised as expense in the income statement as incurred.

Critical accounting estimates and judgements

The preparation of financial information in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of income and expenses during the reporting period.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3. Revenue and segmental information

No revenue has been generated during the period.

4. Operating loss

*Period from
18 January
to
31 December
2008
US\$'000*

Operating loss is stated after charging:

Loss on foreign exchange	7
Depreciation	1
	8

5. Finance Income

This relates to bank interest and interest received from a loan due from Orbrich (China) International Factors Limited ("Orbrich").

6. Taxation

Due to tax losses there was no corporation tax payable for the period.

7. Property, plant and equipment

	<i>Fixtures fittings and equipment US\$'000</i>
Cost:	
Additions	3
At 31 December	<u>3</u>
Depreciation:	
Charge for period	1
At 31 December 2008	<u>1</u>
Net book value:	
At 31 December 2008	<u><u>2</u></u>

8. Investment

	<i>2008 US\$'000</i>
Investment at fair value through profit and loss account	<u>19,122</u>

On 8 September 2008, the Company acquired 38% of the issued share capital of Fortel Technology Holdings Limited ('Fortel'). This has been accounted for as an investment as it is to be held as part of an investment portfolio and the Directors do not deem the shareholding to constitute significant and financial influence over the operating policies of that company. The Company will dispose of the shareholding upon approval by the Investment Committee who monitors the investment/divestment decision on an ongoing basis.

On acquisition, the fair value of Fortel was estimated by LCH (Asia-Pacific) Surveyors Limited, independent professional qualified valuers, using a valuation technique adopting a Discounted Cash Flow Method. As Fortel does not have a quoted price in an active market the investment was measured at cost at the period end. The carrying amount is US\$ 19,122,000.

A number of assumptions were used to value the investment, of which the most significant are as set out below. Also shown is the percentage decrease in the valuation which would occur under the valuation model if these targets were not reached:

- Annual revenue generated by each site to be US\$ 350,000 in 2008, and increasing by 25% per year for the next five years. Additionally, the number of websites will duplicate each year. Should the revenue generated for each site in 2008 be +/- US\$ 250,000 but the increase in the number of websites and revenue growth remain as expected, the valuation of the investment should have been 19% higher/ lower.
- Revenue generated via technical services provided each year to be US\$ 380,000 for the next five years. Should this revenue stream be +/- US\$ 280,000, the valuation of the investment should have been 5% higher/lower.
- Capital expenditure per location to be US\$ 250,000 for each of the next five years. Should the capital expenditure be +/- US\$ 350,000, the valuation of the investment should have been 1% higher/lower.

9. Other receivables

	<i>2008 US\$'000</i>
Amounts due from Orbrich	845
Prepayments and accrued income	506
	<u>1,351</u>

10. Other payables and accruals

	2008 US\$'000
Accounts payables	433
Accruals	43
	<u>476</u>

11. Shareholder's loan

	2008 US\$'000
Shareholder's loan	<u>265</u>

The loan is provided by Duncan Chui and is unsecured, interest free and payable on demand.

12. Share capital

	2008 US\$'000
Authorised, called-up and fully paid: 9,873,034 Ordinary Shares of US\$1 each	<u>20,347</u>

The Company is authorised to issue up to a maximum of 100,000,000 Ordinary Shares of a single class without par value.

13. Directors' emoluments

During the period the directors' emoluments were as follows:

P Macdougall	US\$ 74,516
D Chui	US\$ 116,129
E Wong	US\$ 104,391
J Croft	US\$ 44,710
H Cheah	US\$ 17,742

As at the year end date the directors' emoluments were outstanding.

14. Financial instruments***Financial risk management objectives and policies***

Management has adopted certain policies on financial risk management with the objective of:

- (i) ensuring that appropriate funding strategies are adopted to meet the Company's short-term and long-term funding requirements taking into consideration the cost of funding, gearing levels and cash flow projections;
- (ii) ensuring that appropriate strategies are also adopted to manage related interest and currency risk funding; and
- (iii) ensuring that credit risks on receivables are properly managed

Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

Financial assets at fair value through profit and loss

	2008 US\$'000
Investments	19,122

Fair values

The Directors do not consider that the fair values of the Company's financial assets and financial liabilities are materially different to their carrying amounts as at 31 December 2008.

Loans and receivables

	2008 US\$'000
Other receivables	845
Cash and cash equivalents	133
	<u>978</u>

Credit risk

The Company's credit risk is primarily attributable to cash and bank deposits and other receivables. Management has a credit policy in place and the exposure to credit risks is monitored on an ongoing basis.

The Company's cash and bank deposits are placed with major financial institutions which are regulated and have sound credit ratings.

In respect of other receivables, individual credit evaluations are performed whenever necessary. The other receivables included above are not due at the year end. The Company's maximum exposure to credit risk in the period is limited to the other receivables amount at the period end of US\$ 845,000.

Interest rate risks

The Company currently operates with positive cash and cash equivalents as a result of issuing share capital in anticipation of future funding requirements. As the Company has no borrowings from the bank and the amount of deposits in the bank are not significant, the exposure to interest rate risk is not significant to the Company.

Other receivables bear interest at a fixed annual rate. Should this rate change by +/- 1% the interest income will increase/decrease approximately by US\$ 8,000.

Financial liabilities

	2008 US\$
<i>Fair value and carrying value:</i>	
Accounts and other payables	433
Borrowings – shareholder's loan	265
	<u>698</u>

Liquidity risk

The Company manages its liquidity requirements by the use of both short-term and long-term cash flow forecasts. The Company's policy to ensure facilities are available as required is to issue equity share capital in accordance with long-term cash flow forecasts.

The Company's financial liabilities are primarily account payables and operational costs. All amounts are due for payment in accordance with agreed settlement terms with vendors or professional firms, and all are due within one year. The shareholder's loan is interest free and repayable on demand.

Currency risks

Since the Company operates primarily within its local currency with little exposure to currency fluctuations, management considers that foreign currency exposure is not significant to the Company and as such, there is no hedging in the foreign currencies.

Capital management

The Company's financial strategy is to utilise its resources to further grow the Company's portfolio. The Company keeps investors and the market informed of its progress with its portfolio through regular announcements and raises additional equity finance at appropriate times.

The Company regularly reviews and manages its capital structure for the portfolio companies to maintain a balance between the higher shareholder returns that might be possible with certain levels of borrowings for the portfolio and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure of the portfolio in the light of changes in economic conditions.

15. Related party transactions

During the period ended 31 December 2008, the Company was loaned approximately US\$331,000 by Imperia Capital International Holdings Limited ('Imperia'), a shareholder of the Company. As at 31 December 2008, the balance due by the Company in respect of this loan was approximately US\$265,000. The loan is repayable on demand and does not bear interest.

16. Loss per share – continuing operations

The calculation of the basic and diluted loss per share attributable to the ordinary equity holders of the Company is based on the following:

	US\$'000
<i>Earnings</i>	
Net loss for the period	(480)
	<u> </u>
<i>Number of shares ('000)</i>	
Weighted average number of Ordinary Shares (fully paid up)	3,556
	<u> </u>

17. Subsequent events

188,000 Ordinary Shares, which were subscribed for on 1 October 2008 at £1.00 per share, were cancelled pursuant to the deeds of termination entered into on 30 June 2009. On the same day, 221,175 Ordinary Shares were subscribed for at £0.85 per share, which were subsequently issued on 21 September 2009.

18. Nature of financial information

The financial information presented above does not constitute statutory accounts for the period ended 31 December 2008.

PART III

FINANCIAL INFORMATION

(b) Unaudited interim results for the Company
for the six months ended 30 June 2009

Set out below are the unaudited interim results of China Private Equity Investment Holdings Limited (“the Company”) for the six months ended 30 June 2009.

		<i>As at</i> 31 December <i>2008</i> Audited <i>US\$'000</i>	<i>As at</i> 30 June <i>2009</i> Unaudited <i>US\$'000</i>
CONDENSED STATEMENT OF FINANCIAL POSITION			
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment	7	2	2
Current assets			
Investment	8	19,122	19,122
Other receivables	9	1,351	1,470
Cash and cash equivalents		133	1
		<u>20,606</u>	<u>20,593</u>
Current liabilities			
Other payables and accruals		476	1,021
Shareholder's loan	10	265	1
		<u>741</u>	<u>1,022</u>
Net current assets		19,865	19,571
Net assets		<u>19,867</u>	<u>19,573</u>
Equity and reserves			
Share capital	11	20,347	20,347
Accumulated loss		(480)	(774)
Total equity and reserves		<u>19,867</u>	<u>19,573</u>
CONDENSED STATEMENT OF COMPREHENSIVE INCOME			
	<i>Notes</i>	<i>Six months ended</i> 30 June <i>2008</i> Unaudited <i>US\$'000</i>	<i>30 June</i> <i>2009</i> Unaudited <i>US\$'000</i>
<i>Administrative expenses</i>		(139)	(319)
Total operating loss	5	<u>(139)</u>	<u>(319)</u>
Finance income	4	—	25
Loss before taxation		(139)	(294)
Taxation	6	—	—
Loss and total comprehensive income for the period		<u>(139)</u>	<u>(294)</u>
Loss per share – from continuing operations (cents)			
Basic and diluted	12	(139)	(3)

CONDENSED STATEMENT OF CASH FLOWS	Six months ended	
	30 June 2008 Unaudited US\$'000	30 June 2009 Unaudited US\$'000
<i>Cash generated from operating activities</i>		
Loss before taxation	(139)	(294)
<i>Adjustments for:</i>		
Finance income	—	(25)
Increase in other receivables	(297)	(119)
Increase in other payables and accruals	166	545
	<hr/>	<hr/>
Net cash used from operating activities	(270)	107
<i>Cash flow from investing activities</i>		
Finance income	—	25
Purchase of property, plant and equipment	(3)	—
	<hr/>	<hr/>
Net cash flows from investing activities	(3)	25
<i>Cash flows from financing activities</i>		
Increase/(decrease) in loans from a shareholder	273	(264)
	<hr/>	<hr/>
Net cash flows from financing activities	273	(264)
Net increase in cash & cash equivalents during the period	—	(132)
Cash & cash equivalents at the beginning of the period	—	133
	<hr/>	<hr/>
Cash & cash equivalents at the end of period	—	1
	<hr/> <hr/>	<hr/> <hr/>

CONDENSED STATEMENT OF CHANGES IN EQUITY	Share capital US\$'000	Accumulated loss US\$'000	Total US\$'000
<i>Issue of shares</i>	—*	—	—
<i>Loss for the period</i>	—	(139)	(139)
Balance at 30 June 2008	—	(139)	(139)
Balance at 1 January 2009	20,347	(480)	19,867
<i>Loss for the period</i>	—	(294)	(294)
Balance at 30 June 2009	20,347	(774)	(19,573)

* On incorporation, 100 Ordinary Shares of US\$1 each were issued.

Accumulated loss represents the cumulative net gains and losses recognised in the income statement.

No dividends were paid during the period ended 30 June 2009.

Notes to the financial information**1. CORPORATE INFORMATION**

The Company is a limited company incorporated in the British Virgin Islands under the British Virgin Islands Business Companies Act 2004 on 18 January 2008. The address of the registered office is Room 803, 8/F, Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong. The Company was set up with an intention to position itself to be a Chinese and Asian focused AIM listed private equity investment holding group. The Company will be trying to identify suitable private equity investment opportunities in China.

2. PRINCIPAL ACCOUNTING POLICIES**Basis of preparation**

The condensed financial statements have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting.

The condensed financial statements have been prepared under the historical cost convention, as modified by revaluation of financial assets and financial liabilities at fair value through the income statement.

The same accounting policies, presentation and methods of computation have been followed in these condensed financial statements as were applied in the Company's financial statements for the period ended 31 December 2008, except for the impact of the adoption of the Standards and Interpretations described below.

Revised IFRS 8 Operating Segments – effective for annual periods beginning or after 1 January 2009. IFRS 8 is a disclosure standard that has resulted in a re-designation of the Company's reportable segments, but has no impact on the reported results or financial position of the Group.

IAS 1 (revised 2007) Presentation of Financial Statements – effective for annual periods beginning on or after 1 January 2009. IAS 1 (revised 2007) presents transactions with owners in detail and non-owner changes in equity as a single line in the statement of changes in equity. The standard introduces a Condensed Statement of Comprehensive Income which presents all items of unrecognised income and expense and is linked to the Consolidated Income Statement. In addition, the Balance Sheet has been renamed to Condensed Statement of Financial Position and the Cash Flow Statement has been renamed to Condensed Statement of Cash Flows.

3. REVENUE

No revenue has been generated during the period.

4. FINANCE INCOME

This relates to bank interest and interest received from a loan due from Orbrich (China) International Factors Limited ("Orbrich").

5. OPERATING LOSS

	<i>Six months ended</i>	
	<i>30 June</i>	<i>30 June</i>
	<i>2008</i>	<i>2009</i>
	<i>Unaudited</i>	<i>Unaudited</i>
	<i>US\$'000</i>	<i>US\$'000</i>
<i>Operating loss is stated after charging</i>		
Loss on foreign exchange	—	14
	<u> </u>	<u> </u>

6. TAXATION

Due to tax losses there was no corporation tax for the period.

7. PROPERTY, PLANT AND EQUIPMENT

A reconciliation of the carrying amount of plant, property and equipment is shown below:

	<i>Fixtures, fittings and equipment US\$'000</i>
Cost:	
At 1 July 2008, 31 December 2008 and 30 June 2009	3
Depreciation:	
At 1 July 2008	—
Charge for period	1
At 31 December 2008	1
Charge for the period	—
Depreciation at 30 June 2009	1
Net book value at 31 December 2008	2
Net book value at 30 June 2009	2

8. INVESTMENT

	<i>As at 31 December 2008 Unaudited US\$'000</i>	<i>As at 30 June 2009 Unaudited US\$'000</i>
Investments at fair value through profit and loss account	19,122	19,122

On 8 September 2008, the Company acquired 38% of the issued share capital of Fortel Technology Holdings Limited ('Fortel'). This has been accounted for as an investment as it is to be held as part of an investment portfolio and the Directors do not deem the shareholding to constitute significant and financial influence over the operating policies of that company. The Company will dispose of the shareholding upon approval by the Investment Committee who monitors the investment/divestment decision on an ongoing basis.

On acquisition, the fair value of Fortel was estimated using a valuation technique. The valuers used the Discounted Cash Flow Method. As Fortel does not have a quoted price in an active market the investment was measured at cost at the period end. The carrying amount is US\$ 19,122,000.

A number of assumptions were used to value the investment, of which the most significant are as set out below. Also shown is the percentage decrease in the valuation which would occur under the valuation model if these targets were not reached:

- Annual revenue generated by each site to be US\$ 350,000 in 2008, and increasing by 25% per year for the next five years. Additionally, the number of websites will duplicate each year. Should the revenue generated for each site in 2008 be +/- US\$ 250,000 but the increase in the number of websites and revenue growth remain as expected, the valuation of the investment should have been 19% higher/ lower.
- Revenue generated via technical services provided each year to be US\$ 380,000 for the next five years. Should this revenue stream be +/- US\$ 280,000, the valuation of the investment should have been 5% higher/lower.
- Capital expenditure per location to be US\$ 250,000 for each of the next five years. Should the capital expenditure be +/- US\$ 350,000, the valuation of the investment should have been 1% higher/lower.

9. OTHER RECEIVABLES

Other receivables at the balance sheet date consist of the following:

	<i>As at 31 December 2008 Unaudited US\$'000</i>	<i>As at 30 June 2009 Unaudited US\$'000</i>
Other debtors (Orbrich)	845	433
Prepayments and accrued income	506	1,037
	<u>1,351</u>	<u>1,470</u>

10. SHAREHOLDER'S LOAN

	<i>December 31, 2008 Unaudited US\$'000</i>	<i>June 30, 2009 Unaudited US\$'000</i>
Shareholder's loan	<u>264</u>	<u>1</u>

The loan is provided by Duncan Chui unsecured, interest free and payable on demand.

11. SHARE CAPITAL

	<i>December 31, 2008 Unaudited US\$'000</i>	<i>June 30, 2009 Unaudited US\$'000</i>
Alloted, called-up and fully paid:		
9,906,209 Ordinary Shares of US\$1 each	20,347	20,347

The Company is authorised to issue up to a maximum of 100,000,000 Ordinary Shares of a single class par value.

12. LOSS PER SHARE – CONTINUING OPERATIONS

	<i>Six months ended</i>	
	<i>June 30, 2008 Unaudited US\$'000</i>	<i>June 30, 2009 Unaudited US\$'000</i>
Earnings		
Net loss for the period	<u>(139)</u>	<u>(294)</u>
Number of shares		
Weighted average number of Ordinary Shares (fully paid up)	100	9,685,034

13. NATURE OF FINANCIAL INFORMATION

The financial information presented above does not constitute statutory accounts for the period ended 30 June 2008.

PART III

FINANCIAL INFORMATION

(c) Accountants' Report on the Fortel Group



The Directors
China Private Equity Investment Holdings Limited
Romasco Place, Wickhams Cay 1
PO Box 3140
Road Town, Tortola
British Virgin Islands VG1110

Mazars LLP
Tower Bridge House
St. Katherine's Way
London E1W 1DD

The Directors
Shore Corporate and Capital Limited
Bond Street House
14 Clifford Street
London W1S 4JU

30 September 2009

Dear Sirs

We report on the consolidated financial information on Fortel Technology Holdings Limited ('Fortel BVI') and its subsidiaries (together 'Fortel Group') for the year ended 31 December 2008 which has been prepared for inclusion in the AIM Admission Document ('the Document') dated 30 September 2009 of China Private Equity Investment Holdings Limited (the 'Company') on the basis of the principal accounting policies set out in Note 2 to the financial information. This report is required by Schedule Two of the AIM Rules and is given for the purpose of complying with that schedule and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the financial information on the Fortel Group on the basis set out below and in accordance with applicable International Financial Reporting Standards, except that comparatives are not included.

It is our responsibility to form an opinion on the financial information as to whether the financial information gives a true and fair view, for the purposes of the Document, and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information underlying the financial statements and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion the consolidated financial information for the year ended 31 December 2008 gives, for the purposes of the Document dated 30 September 2009, a true and fair view of the state of

affairs of the Fortel Group as at 31 December 2008 and of its revenues and cash flows for the year then ended in accordance with the basis of preparation set out below and in accordance with applicable International Financial Reporting Standards, except that comparatives are not included, and has been prepared in a form that is consistent with the accounting policies adopted by the Fortel Group.

We do not provide any opinion on the unaudited consolidated financial information on the Fortel Group for the year ended 31 December 2007.

Declaration

For the purposes of paragraph (a) of Schedule Two of the AIM Rules we are responsible for this report as part of the Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Document in compliance with Schedule Two of the AIM Rules.

Yours faithfully

Mazars LLP
Chartered Accountants

BALANCE SHEETS

The consolidated Balance Sheets of the Fortel Group as at 31 December 2007 and 31 December 2008 are set out below:

	<i>Note</i>	<i>As at 31 December 2008 Audited HK\$'000</i>	<i>As at 31 December 2007 Unaudited HK\$'000</i>
Non-current assets			
Property, plant and equipment	7	3,806	194
Intangible assets	8	81	3
		3,887	197
Current assets			
Accounts and other receivables	9	5,602	3,118
Due from a related party	10(b)	109	1,691
Cash and cash equivalents		112	448
		5,823	5,257
Current liabilities			
Other payables and accruals		8,848	8,735
Due to related parties	10(c)	3,392	3,540
Obligation under finance lease	11	55	—
		12,295	12,275
Net current liabilities		(6,472)	(7,018)
Non-current liabilities			
Obligation under finance lease	11	98	—
		(2,683)	(6,821)
NET LIABILITIES			
Equity and reserves			
Share capital	12	8	—
Reserves		(2,691)	(6,821)
		(2,683)	(6,821)
TOTAL EQUITY AND RESERVES			
		(2,683)	(6,821)

INCOME STATEMENTS

The consolidated Income Statements of the Fortel Group for each of the two years ended 31 December 2007 and 31 December 2008 are set out below:

		2008	2007
		Audited	Unaudited
	<i>Note</i>	HK\$'000	HK\$'000
Turnover	3	18,171	4,486
Administrative expenses		(22,033)	(10,319)
Finance income	4	120	5
Finance costs		(3)	(3)
		<hr/>	<hr/>
Loss before taxation	5	(3,745)	(5,831)
Taxation	6	—	—
		<hr/>	<hr/>
Loss for the period		(3,745)	(5,831)
		<hr/> <hr/>	<hr/> <hr/>

STATEMENT OF CHANGES IN EQUITY

The consolidated statement of changes in equity of the Fortel Group for each of the two years ended 31 December 2008 are as follows:

	<i>Share capital HK\$'000</i>	<i>Share premium HK\$'000</i>	<i>Translation reserve HK\$'000</i>	<i>Accumulated losses HK\$'000</i>	<i>Total HK\$'000</i>
At 1 January 2007	—	—	—	(1,144)	(1,144)
Exchange differences on consolidation	—	—	154	—	154
Net income recognised directly in equity	—	—	154	—	154
Net loss for the year	—	—	—	(5,831)	(5,831)
Total recognised expenses for the year	—	—	—	(5,831)	(5,831)
At 31 December 2007 and at 1 January 2008 (unaudited)	—	—	154	(6,975)	(6,821)
Exchange differences on consolidation	—	—	81	—	81
Net income recognised directly in equity	—	—	81	—	81
Net loss for the year	—	—	—	(3,745)	(3,745)
Total recognised expenses for the year	—	—	—	(3,745)	(3,745)
Re-organisation issue of share capital	8	7,794	—	—	7,802
At 31 December 2008	8	7,794	235	(10,720)	(2,683)

No dividends were paid during each of the two years ended 31 December 2007 and 31 December 2008.

CASH FLOW STATEMENT

The consolidated cash flow statements of the Fortel Group for each of the two years ended 31 December 2007 and 31 December 2008 are as follows:

	<i>Year ended 31 December 2008 Audited HK\$'000</i>	<i>Year ended 31 December 2007 Unaudited HK\$'000</i>
	<i>Note</i>	
OPERATING ACTIVITIES		
Loss before taxation	(3,745)	(5,831)
Interest income	(2)	(5)
Finance costs	3	3
Amortisation	172	3
Depreciation	2,163	45
Exchange difference	143	154
Loss on disposal/written off of property, plant and equipment	671	—
Impairment loss on other receivables	74	—
Changes in working capital:		
Accounts receivables	(5,181)	—
Due from related parties	1,583	(1,716)
Other receivables and prepayment	2,815	(3,113)
Other payables and accruals	(1,794)	6,560
Deferred revenue	1,708	2,042
Due to related parties	(5,871)	4,135
Cash generated from operations	(7,261)	2,277
<i>Interest received</i>	2	5
<i>Interest paid</i>	(3)	(3)
Net cash used in operating activities	(7,262)	2,279
INVESTING ACTIVITIES		
<i>Purchase of property, plant and equipment</i>	(872)	(200)
<i>Acquisition of a business</i>	—	(1,655)
Proceeds from disposal of property, plant and equipment	57	—
Net cash used in investing activities	(815)	(1,855)
FINANCING ACTIVITIES		
Repayment of finance lease	(33)	—
Issue of share capital	7,802	—
Net cash from financing activities	7,769	—
Net increase in cash and cash equivalents	(308)	424
Effect of foreign exchange rate changes	(28)	—
Cash and cash equivalents at beginning of period	448	24
Cash and cash equivalents at end of period, represented by bank balances and cash	112	448

Notes to the Financial Information**1. CORPORATE INFORMATION**

Fortel BVI (formerly known as Sogent Assets Corporation) is incorporated in the British Virgin Islands as an International Business Company with limited liability. The Company's registered office is located at Trident chambers, P.O. Box 146 Road Town, Tortola, British Virgin Islands. The principal place of business of Fortel HK is located at Suit 803, 8/F., Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong.

On 30 April 2008, QF Alpha (Hong Kong) Limited ("Fortel HK"), a company incorporated in Hong Kong with limited liability allotted 9,999 Ordinary Shares ("Share allotment") at HK\$1 each in cash to Fortel BVI. In addition, the Company also acquired 1 ordinary share from the registered shareholder of Fortel HK. Therefore, Fortel HK becomes a wholly owned subsidiary of Fortel BVI.

However, before the Share allotment, Fortel BVI and Fortel HK are under common control of Mr. Duncan Chui Tak Keung, who is a key management personnel and the ultimate beneficial owner of both Fortel BVI and Fortel HK. Duncan Chui's holding of over 50% equity interest of Fortel BVI through an investment company in which Duncan Chui has 100% direct equity interest. In addition, before the Share allotment, Duncan Chui was also holding the 100% beneficiary interest of Fortel HK through the registered shareholder as a trustee who held the ordinary share on behalf of him since the date of incorporation of Fortel HK.

Fortel BVI and Fortel HK now comprising the Fortel Group is regarded as a continuing entity which is ultimately controlled by Duncan Chui, the controlling person before and after the Share allotment. The Share allotment is therefore considered as a business combination under common control. Accordingly, the consolidated financial statements of the Fortel Group have been prepared using the principles of merger accounting as if the group structure immediately after the Share allotment had been in existence on 1 January 2007, the beginning of the earliest period presented.

Fortel Network Technology (Guangzhou) Company Limited ("Fortel GZ"), a wholly owned subsidiary of Fortel HK, was registered as a wholly owned foreign enterprise in the People's Republic of China ("PRC") in April 2007.

Guangdong Xinnuo Audio Visual Culture Company Limited ("GD Xinnuo") was registered in the PRC in November 2003. In December 2007, Fortel HK and the equity owners of GD Xinnuo ("GD Xinnuo equity owners"), who are also key management personnel of Fortel GZ, entered into a loan agreement in which GD Xinnuo equity owners jointly borrowed a loan of HK\$1,742,773 (RMB1,630,192) from Fortel HK. At the same time, Fortel HK, GD Xinnuo and GD Xinnuo equity owners entered into a series of agreements (the "Agreements"), pursuant to which, among other things, Fortel HK has been granted an exclusive irrevocable option to purchase the entire equity interests in GD Xinnuo held by GD Xinnuo equity owners. GD Xinnuo's equity owners entrusts all of their voting rights in GD Xinnuo to Fortel HK and GD Xinnuo's equity owners gives up the dividends in GD Xinnuo. Therefore, Fortel GZ has rights to obtain the majority of the benefits from GD Xinnuo's operations, and may be exposed to risk incidental to the activities of GD Xinnuo. Accordingly, GD Xinnuo is accounted for as a subsidiary (special purposes entity) by virtue of Fortel HK control over it.

2. PRINCIPAL ACCOUNTING POLICIES**Basis of preparation**

The consolidated financial information of the Fortel Group has been prepared in accordance with International Financial Reporting Standards adopted for use in the European Union (IFRS) on the historical cost basis. The consolidated financial information for the Fortel Group for the year ended 31 December 2007 is unaudited. The consolidated financial information for the Fortel Group for the year ended 31 December 2008 is audited.

The financial information has been prepared in conformity with the principles applicable to a going concern. The applicability of these principles is dependent upon continued availability of adequate finance or attaining profitable operations in the future in view of the excess of current liabilities over current assets. The principal beneficial owner of Fortel BVI has confirmed his intention to make available adequate funds to the Fortel Group as and when required to maintain the Fortel Group as a going concern.

IFRS issued but not yet effective

The Fortel Group has not adopted the following standards in the preparation of the financial information as they were either not effective at 31 December 2008 or not applicable to the Fortel Group's business:

<i>Standard</i>	<i>Effective for periods commencing on or after</i>
<i>IAS 1 Presentation of financial statements revised 2007</i>	<i>1 January 2009</i>
<i>IAS 1 Presentation of financial statements revised 2008</i>	<i>1 January 2009</i>
<i>IAS 23 Borrowing Costs revised 2007</i>	<i>1 January 2009</i>
<i>IAS 27 Consolidated and Separate Financial Statements revised 2008</i>	<i>1 July 2009</i>
<i>IAS 27 Consolidated and Separate Financial Statements revised 2008</i>	<i>1 January 2009</i>
<i>IAS 28 Investment in Associates revised 2008</i>	<i>1 July 2009</i>
<i>IAS 31 Interests in Joint Ventures revised 2008</i>	<i>1 July 2009</i>
<i>IAS 32 Financial Instruments: Presentation revised 2008</i>	<i>1 January 2009</i>
<i>IFRS 1 First-time Adoption of International Financial Reporting Standards revised 2008</i>	<i>1 January 2009</i>
<i>IFRS 2 Share-based Payment revised 2008</i>	<i>1 January 2009</i>
<i>IFRS 3 Business Combinations revised 2008</i>	<i>1 January 2009</i>
<i>IFRS 8 Operating Segments</i>	<i>1 January 2009</i>

The Fortel Group is still evaluating the impact that these standards will have on the Fortel Group's financial statements, if any, but expect that there will be no material impact when implemented

Basis of consolidation

The consolidated financial information comprises the financial statements of Fortel BVI and all of its subsidiaries.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

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

All intra-group balance, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full.

Business combinations not under common control

The acquisition of subsidiaries is accounted for using the purchase method. The cost of acquisition is measured at the aggregate of the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Fortel Group in exchange for control of the acquiree, plus any costs attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities, if any that meet the conditions for recognition under IFRS "Business Combinations" are recognised at their fair value at the acquisition date.

The consolidated financial statements incorporate the financial statement items of combining entities in which the common control combination occurs as if they had been combined from the date when the combining entities first come under the control of the controlling party.

The net assets of the combining entities are combined using the existing book values from the controlling parties' perspective. No amount is recognised in respect of goodwill or excess of acquirers' interest in the net fair value of acquirer's identifiable assets, liabilities and contingent liabilities, if any over cost at the time of common control combination, to the extent of continuation of the controlling party's interest.

The consolidated income statement includes the results of each of the combining entities from the earliest date presented or since the date when the combining entities first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the entities had been combined at the previous balance sheet date or when they first came under common control, whichever is shorter.

Subsidiaries

A subsidiary is an entity (including special purpose entity) in which the Fortel Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Fortel Group and when the revenue and costs, if applicable, can be measured reliably and on the following bases.

Revenue from online games is recognised based upon the actual sale of on-game items and the actual usage of the game playing time by end customers. The Fortel Group sells its prepaid game cards and prepaid online points for its online game products to the distributors which in turn sell them to end customers. Both prepaid cards and prepaid online points provide customers with a pre-specified value for in-game items and length of game playing time within a specified period of time in accordance with the Fortel Group's published expiration policy. All prepaid fees received from distributors are initially recognized as revenue received in advance. Prepaid fees are recognised as deferred revenue upon the customers' online registration and activation of their cards or online points, and then recognised as revenue based upon the actual sale of in-game items and the actual usage of the game playing time by end customers.

Upfront licensing fees received are initially recognised as revenue received in advance and amortised on a straight-line basis over the relevant license period.

The Fortel Group also engages in the provision of the consultancy services to assist its clients in the design and development of software or applications. These consulting services are usually on a fixed price basis, completed within one year, and subject to the successful completion in performing deliverables within a time frame specified by clients on a project by project basis. The Fortel Group recognises software consultancy service revenue when the services have been completed or upon written acceptance from customers, if applicable. Revenue from software consultancy services was reported as either applications software revenue or other revenue, depending on the nature of project.

Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance are charged to the income statement during the year in which they are incurred.

Depreciation is provided to write off the cost less accumulated impairment losses of property, plant and equipment, other than construction in progress, over their estimated useful lives from the date on which they become fully operational and after taking into account their estimated residual values, using the straight-line method, at the following rates per annum:

Leasehold improvement	20% or the terms of the leases, if shorter
Furniture, computer and equipment	20% to 50%
Motor vehicle	20% to 33.3%

When assets are sold or retired, their cost and accumulated depreciation are eliminated from the balance sheet and any gain or loss resulting from their disposals is dealt with in the income statement.

Intangible assets

The initial cost of acquiring computer software is capitalised and stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is provided on the straight-line basis over their estimated useful lives of one to five years.

Foreign currency translation

Items included in the financial statements of each of the Fortel Group's entities are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Hong Kong dollars, rounded to the nearest thousand dollars, which is the primary economic environment in which the Fortel Group operates.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

On consolidation of the Fortel Group, the balance sheet of foreign operations is translated at the rates of exchange ruling at the balance sheet date while the income statement is translated at an average rate for the year. Exchange differences arising from the translation of the financial statements of foreign operations are recognised in a separate component of equity and such equity component is recognised in income statement upon disposal of the foreign operations.

Impairment of non-financial assets

At each balance sheet date, the Fortel Group reviews internal and external sources of information to determine whether its property, plant and equipment and investment in subsidiaries have suffered an impairment loss or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs to sell and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Fortel Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. cash-generating unit).

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

A reversal of impairment loss is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior years. Reversal of impairment loss is recognised as income immediately.

Financial instruments

Financial assets and financial liabilities are recognised when the Fortel Group becomes a party to the contractual provisions of the instruments and on a trade date basis. A financial asset is derecognised when the Fortel Group's contractual rights to future cash flows from the financial asset expire or when the Fortel Group transfers the contractual rights to future cash flows to a third party. A financial liability is derecognised only when the liability is extinguished.

Loans and receivables

Loans and receivables including amount due from a director and other receivable and prepayments are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are not held for trading. They are measured at amortised cost using the effective interest method, except where receivables are interest-free loans and without any fixed repayment term or the effect of discounting would be insignificant. In such case, the receivables are stated at cost less impairment loss. Amortised cost is calculated by taking into account any discount or premium on acquisition, over the year to maturity. Gains and losses arising from derecognition, impairment or through the amortisation process are recognised in the income statement.

Impairment of financial assets

At each balance sheet date, the Fortel Group assesses whether there is objective evidence that financial assets are impaired. The impairment loss of financial assets carried at amortised cost is measured as the difference between the assets' carrying amount and the present value of estimated future cash flow discounted at the financial asset's original effective interest rate.

Financial liabilities

The Fortel Group's financial liabilities include other payables and accruals and amount due to related parties. All financial liabilities except for derivatives are recognised initially at their fair value and subsequently measured at amortised cost, using effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

Leases

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

As lessee

Assets held under finance leases are recognised as assets of the Fortel Group at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as finance lease obligation. Finance charges, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

Cash equivalents

For the purpose of the consolidated cash flow statement, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value, net of bank overdrafts.

Taxation

The charge for current income tax is based on the results for the period as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss, it is not accounted for.

The deferred tax liabilities and assets are measured at the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

Provisions

Provision is recognised when the Fortel Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Expenditures for which a provision has been recognised are charged against the related provision in the year in which the expenditures are incurred. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where

the effect of the time value of money is material, the amount provided is the present value of the expenditures expected to be required to settle the obligation. Where the Fortel Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Deferred revenue

Deferred revenue represents cash received or receivables from the payment for online game services in advance of services being rendered and upfront license fee received in advance of fulfilling the contract requirements.

The deferred revenue consists of the unused balance of online game cards sold and unamortised balance of the upfront license fee received.

Employee benefits

Salaries, annual bonuses, paid annual leave, leave passage and the costs of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Fortel Group. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Contributions to defined contribution retirement plans are recognised as expense in the income statement as incurred.

Related parties

A party is related to the Fortel Group if

- (a) directly, or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the Fortel Group; or has an interest in the Group that gives it significant influence over the Fortel Group; or has joint control over the Fortel Group;
- (b) the party is an associate of the Fortel Group;
- (c) the party is a joint venture in which the Fortel Group is a venturer;
- (d) the party is a member of the key management personnel of the Fortel Group or its parent;
- (e) the party is a close member of the family of any individual referred to in (a) or (d);
- (f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
- (g) the party is a post-employment benefit plan for the benefit of employees of the Fortel Group, or of any entity that is a related party of the Fortel Group.

3. REVENUE

	<i>2008</i> <i>Audited</i> <i>HK\$'000</i>	<i>2007</i> <i>Unaudited</i> <i>HK\$'000</i>
On-line games	2,628	1,112
Leasing of on-line game licences	1,007	438
On-line game promotion income	2,564	—
Provision of IT consulting services	11,972	2,936
	<u>18,171</u>	<u>4,486</u>

The Fortel Group generates four identifiable revenue streams as shown above. However, the Directors consider that the operation of on-line games, the leasing of on-line game licences and the provision of IT consultancy services are interrelated, in such a way that these services are conducted by the same technical team and using the same technical and maintenance equipment. For this reason, the Directors consider that the Fortel Group operates under a single business activity.

During the year, all revenues have been generated in the People's Republic of China ("PRC") including Hong Kong.

4. OTHER INCOME

	2008	2007
	Audited	Unaudited
	HK\$'000	HK\$'000
Bank interest income	2	5
Exchange gains, net	20	—
Overprovision of expenses in prior years	37	—
Refund of business tax	54	—
Sundry income	7	—
	<u>120</u>	<u>5</u>

5. LOSS BEFORE TAXATION

This is stated after charging:

	2008	2007
	Audited	Unaudited
	HK\$'000	HK\$'000
Finance costs		
Interest on bank overdrafts	—	3
Finance charges on finance leases	3	—
Other items		
Staff costs	7,602	3,926
Staff retirement benefits scheme contributions	1,758	417
	<u>9,360</u>	<u>4,343</u>
Total staff costs	9,360	4,343
Auditors' remuneration	336	240
Amortisation	172	3
Depreciation	2,163	45
Operating lease payments on premises	3,447	2,588
Loss on disposal /written off of property, plant and equipment	671	—
Impairment loss on other receivables	72	—

6. TAXATION

No British Virgin Islands ("BVI") income tax has been provided as starting from 2006, corporate income tax in the BVI has been abolished.

Hong Kong profits tax has not been provided as Fortel HK incurred a loss for taxation purposes.

Subsidiaries in the PRC are subject to new Enterprise Income Tax Law ("EIT") with effect from 1 January 2008. The new enterprise income tax rates for domestic and foreign enterprises are unified at 25%. No EIT has been provided as the Fortel Group's estimated assessable profits for the year are wholly absorbed by unrealised tax losses brought forward from previous years.

The income tax expense can be reconciled to the loss before taxation as follows:

Reconciliation of tax expense	2008 Audited HK\$'000	2007 Unaudited HK\$'000
Loss before taxation	(3,745)	(5,831)
Income tax at PRC enterprise income tax rate * of 25% (2007: Hong Kong profits tax rate of 33%)	(936)	(1,924)
Tax exempt income	(81)	—
Non-deductible expenses	1,057	111
Unrecognised temporary differences	(9)	—
Differences in tax rates in different regions	18	—
Utilisation of previously unrecognised tax losses	(58)	—
Unrecognised tax losses	9	1,813
	<hr/>	<hr/>
Tax expense for the period	—	—
	<hr/> <hr/>	<hr/> <hr/>

* The principal place of business of the Group is in the PRC.

Deferred tax assets not recognised

In accordance with the accounting policy set out in note 1, the Fortel Group has not recognised deferred tax assets in respect of cumulative tax losses of HK\$5,655,000 (2007: HK\$5,494,000) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. Under current tax legislation, the tax losses will expire in the following dates.

	2008 Audited HK\$'000	2007 Unaudited HK\$'000
31 December 2013	5,603	5,494
Do not expire	52	—
	<hr/>	<hr/>
	5,655	5,494
	<hr/> <hr/>	<hr/> <hr/>

7. PROPERTY, PLANT AND EQUIPMENT

	<i>Leasehold improvement HK\$'000</i>	<i>Furniture, computers & equipment HK\$'000</i>	<i>Motor vehicle HK\$'000</i>	<i>Total HK\$'000</i>
Reconciliation of carrying amount – year ended 31 December 2007				
At beginning of the period	—	30	—	30
Additions	197	3	—	200
Acquisition of assets through business combination		8	—	8
Depreciation	(30)	(14)	—	(44)
	<u>167</u>	<u>27</u>	<u>—</u>	<u>194</u>
At balance sheet date				
Reconciliation of carrying amount – year ended 31 December 2008				
Exchange differences	10	1	—	11
Additions	236	5,865	391	6,493
Disposal and write off	—	(728)	—	(728)
Depreciation	(163)	(1,952)	(47)	(2,163)
	<u>250</u>	<u>3,212</u>	<u>344</u>	<u>3,806</u>
At balance sheet date				
At 31 December 2007 (unaudited)				
Cost	196	87	—	283
Accumulated depreciation	(29)	(60)	—	(89)
	<u>167</u>	<u>27</u>	<u>—</u>	<u>194</u>
At 31 December 2008				
Cost	445	5,007	391	5,843
Accumulated depreciation	(195)	(1,795)	(47)	(2,037)
	<u>250</u>	<u>3,212</u>	<u>344</u>	<u>3,806</u>

8. INTANGIBLE ASSETS

	Computer software HK\$'000
Reconciliation of carrying amount – year ended 31 December 2007	
At beginning of the period	6
Amortisation	(3)
At 31 December 2007	3
Reconciliation of carrying amount – year ended 31 December 2008	
At beginning of the period	3
Additions	250
Amortisation	(172)
At 31 December 2008	81
At 1 January 2008 (unaudited)	
Cost	15
Accumulated depreciation	(12)
	3
At 31 December 2008	
Cost	265
Accumulated depreciation	(184)
	81

9. ACCOUNTS AND OTHER RECEIVABLES

	2008 Audited HK\$'000	2007 Unaudited HK\$'000
<i>Accounts receivables</i> *		
Related party	2,690	—
Third party	2,491	—
	5,181	—
<i>Other receivables</i>		
Other receivables	421	3,118
Accounts and other receivables	5,602	3,118

* The aging analysis of accounts receivables that neither individually nor collectively considered to be impaired is as follows:

	2008 Audited HK\$'000	2007 Unaudited HK\$'000
Neither past due nor impaired		
Past due within 60 days	1,157	—
Past due more than 60 days	2,260	—
	1,764	—
Accounts receivables	5,181	—

The Fortel Group has not impaired the trade receivables that were past due at the balance sheet date because there has not been a significant change in credit quality and the management believes that the amounts are recoverable based on the past collection history and current creditworthiness of the customers. The Fortel Group does not hold any collateral over these balances.

10. RELATED PARTY TRANSACTIONS

In addition to the transactions / information disclosed elsewhere in these financial statements, the Fortel Group had the following transactions with related parties.

(a) Name and relationship of related parties

Name	Relationships with the Fortel Group
Chen Tian Wei*	Director of Fortel BVI and a key management personnel of its subsidiaries
Duncan Chui Tak Keung	A key management personnel of the Fortel Group and also principal beneficial owner of Fortel BVI
Lawrence Ma Kwan Ho	Director of a subsidiary and a key management personnel of the subsidiaries of Fortel BVI
Sino Katalytics Investment Corporation	Duncan Chui is a director of this company
UCCTV (Hong Kong) Limited	Duncan Chui is a director of this company
Fook Lam Moon Restaurant Limited	Duncan Chui has beneficial interests in this company
Guangzhou Yi Gao Consultancy Service Limited	David Chen has controlling interest in this company
Guangzhou Teng Fei Service Limited	David Chen has controlling interest in this company
Lo Wai Shun	Director of the Company and a key management personnel of subsidiaries
Woo Peter	Director of the Company and a key management personnel of subsidiaries

* The official name is in Chinese and the English name is shown for identification only.

(b) Due from related parties

	2008 HK\$'000 Audited	2007 HK\$'000 Unaudited
Lawrence Ma Kwan Ho	109	1,691
	<u>109</u>	<u>1,691</u>

The amounts due are unsecured, non-interest bearing and have no fixed repayment term.

(c) Due to related parties

	2008 HK\$'000 Audited	2007 HK\$'000 Unaudited
Chen Tian Wei	680	617
Duncan Chui Tak Keung	2,712	2,923
	<u>3,392</u>	<u>3,540</u>

The amounts due are unsecured, non-interest bearing and have no fixed repayment term.

(d) Transactions with related parties

Name of related parties	Nature of transaction	2008 HK\$'000 Audited	2007 HK\$'000 Unaudited
Sino Katalytics Investment Corporation	Secretarial fee	235	—
UCCTV (Hong Kong) Limited	Sales	5,500	—
Fook Lam Moon Restaurant Limited	Purchase of motor vehicle	180	—
Guangzhou Yi Gao Consultancy Service Limited	Salary	—	128
Guangzhou Yi Gao consultancy service Limited	Professional fee	180	—
Guangzhou Fei Teng service Limited	Salary	—	160
Chen Tian Wei	Salary	135	—
Woo Peter	Salary	410	—
Lo Wai Shun	Salary	490	—

11. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2008 HK\$'000 Audited	2007 HK\$'000 Unaudited	2008 HK\$'000 Audited	2007 HK\$'000 Unaudited
Amount payable:				
Within one year	63	—	56	—
In the second to fifth years inclusive	105	—	97	—
	<u>168</u>	<u>—</u>		<u>—</u>
Future finance charges	(15)	—		—
Present value of lease obligations	<u>153</u>	<u>—</u>	153	—
Less: Amount due for settlement within 12 months			<u>(55)</u>	—
Amount due for settlement after 12 months			<u>98</u>	—

12. SHARE CAPITAL

	2008 US\$	2007 US\$
Authorised:		
5,000,000 Ordinary Shares of US\$0.01 each (2007: 50,000 Ordinary Shares of US\$1 each)	50,000	50,000
Issued and fully paid:		
101,818 Ordinary Shares of US\$0.01 each (2007: 2 Ordinary Shares of US\$1 each)	1,018	2
	<u> </u>	<u> </u>
Equivalent	<u>HK\$7,942</u>	<u>HK\$16</u>

By written resolution of the sole director passed on 6 June 2008, every issued and un-issued share of US\$1.00 each in the share capital of Fortel BVI was sub-divided into one hundred Ordinary Shares of US\$0.01 each in the share capital of Fortel BVI.

On 11 June 2008, the issued share capital of Fortel BVI was increased to US\$1,000 by allotting 99,800 Ordinary Shares of US\$0.01 each, for cash at par, to provide additional working capital.

On 13 June 2008, the issued share capital of Fortel BVI was increased to US\$1,018 by allotting 1,818 Ordinary Shares of US\$0.01 each, for cash at a premium price totalling US\$999,200 to provide additional working capital.

All shares issued during the year rank *pari passu* with the existing shares in all respects.

13. MAJOR NON-CASH TRANSACTION

On 31 March 2008, Fortel BVI had acquired computer and equipment of HK\$5,462,000 and computer software of HK\$223,000 with estimated useful lives from one to four years from Duncan Chui through his current account with Fortel BVI.

The purchase consideration of the assets acquired was based on the amounts valued by LCH (Asia-Pacific) Surveyors Limited, independent professional qualified valuers.

In addition, the Fortel Group acquired a motor vehicle under a finance lease at HK\$187,000.

14. COMMITMENTS

	2008 HK\$'000 Audited	2007 HK\$'000 Unaudited
Contracted but not provided, net of deposit paid		
Purchase of materials for office decoration	—	102
	<u> </u>	<u> </u>
	US\$'000 Audited	US\$'000 Unaudited
Contracted but not accounted for		
Capital contribution in a subsidiary	2,305	2,650
	<u> </u>	<u> </u>

Commitments under operating leases

At the balance sheet date, the Fortel Group had total future minimum lease payments under non-cancellable operating leases, which are payable as follows:

	<i>2008</i> <i>HK\$'000</i> <i>Audited</i>	<i>2007</i> <i>HK\$'000</i> <i>Unaudited</i>
Within one year	2,296	2,215
In the second to fifth year inclusive	668	1,018
	<u>2,964</u>	<u>3,233</u>

Operating lease payments represent rentals payable by the Fortel Group for its office and computer server storage premises and staff quarters. Leases are negotiated for term ranging from 1 to 3 years with fixed rentals.

15. CAPITAL MANAGEMENT

The Fortel Group's objective in managing capital is to safeguard the Fortel Group's ability to continue as a going concern and to provide returns for its shareholders. The Fortel Group defines its capital as the total shareholders equity. The Fortel Group does not have specific policy or procedures for managing its capital and is not subject to externally imposed capital requirements.

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fortel Group's principal financial instruments comprise bank balances and cash, other receivables, amount due from a director, other payables and accruals and amount due to related parties. The main purpose of these financial instruments is to raise and maintain finance for the Fortel Group's operations.

The main risks arising from the Fortel Group's financial instruments are liquidity risk and foreign currency risk. The Fortel Group does not have any written risk management policies and guidelines. However, the director generally adopts conservative strategies on its risk management and limit the Fortel Group's exposure to these risk to a minimum. The directors review and agree policies for managing each of these risks and they are summarised below. The Fortel Group also monitors the market price risk arising from all financial instruments.

Foreign exchange risk

The Fortel Group operates in the PRC and Hong Kong with majority of business transactions being denominated in Renminbi ("RMB") and Hong Kong dollars ("HK\$"), which are the functional currencies of the subsidiaries and the Fortel BVI respectively. Thus, the Fortel Group did not incur substantial foreign currency gain or loss during the period.

The Fortel Group exposes to foreign currency risk for its net investment in the PRC subsidiaries. At 31 December 2008, if RMB had weakened/strengthened by 7% against HK\$ with all other variables held constant, the consolidated liabilities value would be approximately HK\$83,000 (2007: HK\$250,000) lower/higher, mainly as a result of translating RMB denominated assets and liabilities of the PRC subsidiaries into Hong Kong dollars with a corresponding credit/charge to exchange reserve upon consolidation in accordance with the accounting policies as stated in note 1 to the financial information.

Liquidity risk

The Fortel Group's objective is to maintain a balance between continuity of funding and flexibility through financing from related parties. Also, a letter of undertaking was obtained from a key management of the Fortel Group to confirm his intention to make available adequate funds to the Fortel Group as and when required to maintain the Fortel Group as a going concern. Maturity profile of the Fortel Group's financial liabilities at the balance sheet date based on contractual undiscounted payments is summarised below:

	<i>On demand</i>	<i>Less than 1 year</i>	<i>1 to 2 years</i>	<i>Over 2 years</i>	<i>Total</i>
<i>Year ended 31 December 2008</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Other payables and accruals	4,970	—	—	—	4,970
Due to related parties	3,392	—	—	—	3,392
Obligation under finance lease	—	63	63	42	168
	<u>8,362</u>	<u>63</u>	<u>63</u>	<u>42</u>	<u>8,530</u>
Year ended 31 December 2007 (unaudited)					
Other payables and accruals	6,693	—	—	—	6,693
Due to related parties	3,540	—	—	—	3,540
	<u>10,233</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>10,233</u>

Fair values of financial assets and financial liabilities

The directors consider that the carrying amounts of financial assets and financial liabilities in the consolidated financial information approximate their fair values.

17. COMPARATIVE INFORMATION

The comparative information has not been audited and is presented for information purposes only.

19. NATURE OF FINANCIAL INFORMATION

The financial information does not constitute Statutory Accounts.

PART IV

ADDITIONAL INFORMATION

1. RESPONSIBILITY

- 1.1 The Company (whose registered office appears on page 6) and the Directors (whose names appear on page 6) accept responsibility individually and collectively for the information contained in this Document, including individual and collective responsibility for compliance with the AIM Rules for Companies. To the best of the knowledge and belief of the Directors, each of whom has taken all reasonable care to ensure that such is the case, the information contained in this Document is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.2 The business address of the Directors and their respective functions are set out on page 6.

2. THE COMPANY

- 2.1 The Company was incorporated on 18 January 2008 in the British Virgin Islands.
- 2.2 The registered office of the Company is at Romasco Place, Wickhams Cay 1, PO Box 3140, Road Town, Tortola, British Virgin Islands, VG1110 (telephone number +1 (284) 852 1010).
- 2.3 The Company's accounting reference date is 31 December.
- 2.4 The Company is the holding company of two subsidiaries and a substantial shareholder in one investee undertaking as follows:

Company Name	Place of Incorporation	Percentage of issued share capital or interest held	Principal Activity
CPE TMT Holdings Limited	BVI	100%	Holding company
China Private Equity Investment Group Limited	Hong Kong	100%	Holding company
Fortel BVI*	BVI	38%	Holding company

* On 8 September 2008 the Company, through its wholly owned subsidiary TMT Holdings Limited, acquired approximately 38% in Fortel BVI in exchange for the issue of 9,154,348 Ordinary Shares in the Company representing a value of approximately £10.1 million.

- 2.5 The principal legislation under which the Company was formed and now operates is the BVI Business Companies Act, 2004 (as amended) and regulations made thereunder.
- 2.6 The Company's website address is www.cpe-invest.com.
- 2.7 The ISIN (International Security Identification Number) is VGG215911055. The Ordinary Shares were created under the BVBCA.

3. SHARES IN THE COMPANY

- 3.1 The maximum number of Ordinary Shares that the Company is authorised to issue is set out in the Company's Memorandum. The number of Ordinary Shares the Company is authorised to issue, at the date of this Document and as it is expected to be immediately following Admission, is as follows:

	Prior to Subscription and Admission		Immediately following Subscription and Admission	
	Number of Ordinary Shares	Nominal value of Ordinary Shares	Number of Ordinary Shares	Nominal value of Ordinary Shares
Ordinary Shares the Company is authorised to issue	100,000,000	no par value	100,000,000	no par value
Number of Ordinary Shares issued	9,906,209	no par value	12,756,929	no par value

- 3.2 Changes in the share capital of the Company preceding the date of this Document are as follows:
- 3.2.1 on incorporation, the Company was authorised to issue 50,000 Ordinary Shares of no par value and Duncan Chui Tak Keung subscribed for one hundred Ordinary Shares. On 8 August 2008 the Company passed a written resolution to increase its share capital from 50,000 to 50,000,000 Ordinary Shares;
 - 3.2.2 on 8 August 2008, the Company allotted 530,586 Ordinary Shares to the Initial 2008 Subscribers, further details of which are set out in paragraph 9.8 of Part IV of this Document;
 - 3.2.3 on 4 September 2008, the Company passed a written resolution to increase its share capital from 50,000,000 to 100,000,000 Ordinary Shares;
 - 3.2.4 on 8 September 2008, the Company issued 9,154,348 Ordinary Shares as consideration for the acquisition of Fortel BVI, further details of which are set out in paragraph 8.1 of Part IV of this Document; and
 - 3.2.5 On 21 September 2009 the Company issued 221,175 Ordinary Shares to the 2009 Pre-IPO Subscribers who had entered into the 2009 Pre-IPO Subscription Agreements with the Company at a price of £0.85 per Ordinary Share.

4. MEMORANDUM AND ARTICLES

- 4.1 The Memorandum provides, *inter alia*, that:
- 4.1.1 the registered office of the Company is at Romasco Place, Wickhams Cay 1, PO Box 3140, Road Town, Tortola, British Virgin Islands, VG1110;
 - 4.1.2 subject to the BVIBCA and any other BVI legislation the Company has, irrespective of corporate benefit, (i) full capacity to carry on or undertake any business or activity, do any act or enter into any transaction and (ii) for the purposes of (i), full rights, powers and privileges;
 - 4.1.3 the Company is authorised to issue up to 100,000,000 Ordinary Shares of a single class and of no par value;
 - 4.1.4 the Company may amend its Memorandum or Articles by an ordinary resolution of members; and
 - 4.1.5 if at any time the authorised capital is divided into different classes of shares, the rights attached to any class may only be varied, whether or not the Company is being wound up, with the consent in writing of the holders of three quarters of the total issued shares of the class or by a special resolution passed at a separate meeting of the holders of the issued shares of that class.
- 4.2 The Articles which were adopted on 29 September 2008, *inter alia*, include provisions to the following effect:
- 4.2.1 **Voting**
- (a) Section 34 of the BVIBCA deals with the voting rights of shareholders. This section provides that except as provided in the Memorandum or Articles, all shares shall have one vote. There are no contrary provisions in the Memorandum or Articles of the Company.
 - (b) Subject to any special rights or restrictions as to voting for the time being attached to any Ordinary Shares by or in accordance with the Memorandum or the Articles, at any general meeting (i) on a show of hands each Shareholder present in person (or being a corporation, is present by a representative) or by proxy, and each holder of a preference share who has a right to vote on the resolution and who is present in person (or being a corporation, is present by a representative), shall have one vote and the chairman of the meeting shall determine which proxy shall be entitled to vote where a Shareholder is represented by two proxies, and (ii) on a poll every Shareholder present in person or by proxy (or in the case of a Shareholder being a corporation, by its duly authorised representative), and each holder of a preference share who has a right to vote on the resolution, shall have one vote for every fully paid share of which he is the holder or which he represents on the share bears to the total amounts

paid and payable (excluding amounts credited on the share), but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as paid up on the share. A resolution put to the vote of a meeting shall subject to the AIM Rules be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (i) by the chairman of such meeting;
- (ii) by at least three Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting;
- (iii) by Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or
- (iv) by a Shareholder present in person (or in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

A demand by a person as proxy for a Shareholder (or in the case of a Shareholder being a corporation by its duly authorised representative) shall be deemed to be the same as a demand by a Shareholder. Unless a poll is duly demanded and the demand is not withdrawn, a declaration by the chairman that a resolution has been carried, or carried unanimously, or by a particular majority, or not carried by a particular majority, or lost, and an entry to that effect made in the minute book of the Company, shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded for or against the resolution.

4.2.2 Return of Capital on Winding Up

Section 206 of the BVBCA deals with the duties of a voluntary liquidator on a winding-up of the Company. Subject to payment of, or to discharge of, all claims, debts, liabilities and obligations of the Company any surplus assets shall then be distributed amongst the members according to their rights and interests in the Company according to the Memorandum and Articles of the Company. If the assets available for distribution to members shall be insufficient to pay the whole of the paid up capital such assets shall be shared on a *pro rata* basis amongst members entitled to them by reference to the number of fully paid up shares held by such members respectively at the commencement of the winding up.

4.2.3 Reduction or Increase in Authorised Capital

The Company may by an ordinary resolution of the Shareholders amend the Memorandum to increase or reduce its authorised capital and in connection therewith the Company may in respect of any unissued shares increase or reduce the number of such shares.

4.2.4 Redemption or Repurchase of Ordinary Shares

- (a) The Company may purchase, redeem or otherwise acquire and hold its own shares. Such power shall (subject to authorisation of shareholders in general meeting) be exercisable by the Board upon such terms and subject to such conditions as the Board thinks fit.
- (b) The Company may only offer to purchase, redeem or otherwise acquire Shares if the resolution of directors authorising the purchase, redemption or other acquisition contains a statement that the directors are satisfied, on reasonable grounds, that immediately after the acquisition the value of the Company's assets will exceed its liabilities and the Company will be able to pay its debts as they fall due.

- (c) Shares that the Company purchases, redeems or otherwise acquires will be held as Treasury Shares except to the extent that such shares are in excess of 50 per cent. of the issued shares in which case they shall be cancelled but they shall be available for reissue.
- (d) All rights and obligations attaching to a Treasury Share are suspended and shall not be exercised by the Company while it holds the share as a Treasury Share.
- (e) Treasury Shares may be transferred by the Company on such terms and conditions as the Company may by resolution of directors determine.

4.2.5 **Transfer of Shares**

- (a) Certificated shares in the Company may be transferred by a written instrument of transfer signed by or on behalf of the transferor and containing the name and address of the transferee.
- (b) The Company shall not be required to treat a transferee of a registered share in the Company as a member until the transferee's name has been entered in the share register.
- (c) The registration of transfers of shares or of any class of shares may, after notice has been given in accordance with applicable requirements of the Designated Stock Exchange be suspended at such times and for such periods as the Board may determine.
- (d) The Board may, in its absolute discretion and without giving any reason therefor, pass a resolution refusing, preventing or delaying to register a transfer of any share (not being a fully paid up share), in respect of:
 - (i) any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists;
 - (ii) any purported transfer of any share (not being a fully paid up share) on which the Company has a lien, except in the case of a transfer to executors, administrators or trustees of the estate of a deceased Shareholder;
 - (iii) a transfer of any share to more than three joint holders; or
 - (iv) the Company is otherwise permitted or required to do so under the AIM Rules for Companies or the rules applicable to a Designated Stock Exchange or under the terms of issue of the shares.
- (e) The Board may decline to recognise any instrument of transfer unless:
 - (i) if the AIM Rules for Companies permit the Company to charge a fee, a fee of such sum (not exceeding or such maximum sum as the Designated Stock Exchange may determine to be payable) as the Board may from time to time require is paid to the Company in respect thereof;
 - (ii) the instrument of transfer is in respect of only one class of share; and
 - (iii) the instrument of transfer is lodged at the registered office or the office of the Company's transfer agent accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer (and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

Subject to the AIM Rules for Companies no transfer shall be made to an infant or to a person of unsound mind or under other legal disability.

4.2.6 **Distributions by way of dividend**

- (a) The Board may, subject to the Articles, the AIM Rules for Companies and in accordance with the BVIBCA, authorise a distribution by the Company at such time and of such amount as it thinks fit. A distribution may be paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the Board determines is no longer needed. Distributions by way of dividend may be paid in money, shares or other property.

- (b) The Directors may from time to time pay to the Shareholders such interim dividends as appear to the Directors to be justified by the profits of the Company.
- (c) No dividends shall be declared and paid unless the Directors determine that immediately after the payment of the dividend the value of the Company's assets will exceed its liabilities and the Company will be able to satisfy its liabilities as they fall due.

4.2.7 **Pre-emption Rights**

Statutory pre-emption rights have been excluded. There are no pre-emptive rights on the issue or sale of shares.

4.2.8 **General Meeting**

- (a) The Company is required to hold an annual general meeting each year. Additionally Directors may convene meetings of the Shareholders to the Company at such times and in such-manner and places within or outside the British Virgin Islands as the Directors consider necessary or desirable. Upon the written request of Shareholders holding 10 per cent. or more of the outstanding voting rights attaching to shares in the Company the Directors shall convene a meeting of Shareholders.
- (b) The Directors shall give not less than 14 days' notice of a meeting of Shareholders to those persons whose names on the date the notice is given appear as Shareholders in the share register of the Company and are entitled to vote at the meeting.
- (c) A general meeting, whether or not a special resolution will be considered at such meeting, may be called by shorter notice if it is so agreed:
 - (i) in the case of a meeting called as an annual general meeting, by all the Shareholders entitled to attend and vote thereat; and
 - (ii) in the case of any other meeting, by a majority in number of the Shareholders having the right to attend and vote at the meeting, being a majority together holding not less than ninety per cent. of the total voting rights on all the matters to be considered at the meeting;

and for this purpose, the presence of a Shareholder at the general meeting shall be deemed to constitute waiver on his part.

- (d) A meeting of Shareholders is duly constituted if, at the commencement of the meeting, there are present, in person or by proxy, two shareholders.
- (e) If within thirty minutes (or such longer time not exceeding one hour as the chairman of the meeting may determine to wait) after the time appointed for the meeting a quorum is not present, the meeting, if convened at the request of Shareholders, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week at the same time and place or to such time and place as the Board may determine. If at such adjourned meeting a quorum is not present within half an hour from the time appointed for holding the meeting, the meeting shall be dissolved. The chairman may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place as the meeting shall determine, but no business shall be transacted at any adjourned meeting other than the business which might lawfully have been transacted at the meeting had the adjournment not taken place. When a meeting is adjourned for fourteen days or more, at least seven clear days' notice of the adjourned meeting shall be given specifying the time and place of the adjourned meeting but it shall not be necessary to specify in such notice the nature of the business to be transacted at the adjourned meeting and the general nature of the business to be transacted. Save as aforesaid, it shall be unnecessary to give notice of an adjournment.
- (f) Any action required or permitted to be taken at any general meetings of the Company may only be taken upon the vote of Shareholders at a general meeting of the Company duly convened in accordance with the Articles and the BVIBCA and may not be taken by written resolution of Shareholders without a meeting.

4.2.9 Appointment of Directors

- (a) The Directors shall be elected by the Shareholders for such term as the Shareholders determine. The minimum number of Directors shall be one and the maximum number shall be twelve.
- (b) The Directors may, at any time, appoint a person to be a Director to fill a vacancy. Where a person is appointed to fill a vacancy, they shall hold office until the next annual general meeting and shall then retire and be eligible for re-election.
- (c) Each Director shall retire at least once every three years and for this purpose, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that any Director appointed by the Directors either to fill a vacancy or as additional director shall not be taken into account in determining the number of Directors who are to retire by rotation. The Directors to retire by rotation shall be those Directors who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Director shall be eligible for re-election.

4.2.10 General Powers of the Directors

- (a) The business and affairs of the Company shall be managed by, or under the direction or supervision of the Board, which may exercise all powers of the Company (whether relating to the management of the business of the Company or otherwise) except powers that by the laws of the British Virgin Islands or by the Memorandum or by the Articles or by the AIM Rules for Companies, are required to be exercised by the Company in general meeting. The Directors have all the powers necessary for managing, and for directing and supervising, the business and affairs of the Company.
- (b) The Directors or any committee thereof may meet at such times and in such manner and places within or outside the British Virgin Islands as the Directors may determine to be necessary or desirable. Questions arising at any meeting shall be decided by a majority of votes and in the event of deadlock the chairman shall have a casting vote.
- (c) An action that may be taken by the Directors or a committee of Directors at a meeting may also be taken by a resolution signed by a majority of Directors or a committee of Directors in writing provided that such number of Directors approving the resolution is sufficient to constitute a quorum and that a copy of such resolution has been given or the contents thereof communicated to all the Directors for the time being entitled to receive notices of Board meetings in the same manner as notices of meetings are required to be given by the Articles and further provided that no Director approving the resolution is aware of or has received any objection to the resolution from any Director.

4.2.11 Directors' Interests

Subject to the provisions of the BVIBCA, a Director may:

- (a) hold any other office or position of profit with the Company (except that of auditor) in conjunction with his office of Director for such period and upon such terms as the Board may determine; and/or
- (b) act by himself or through his firm in a professional capacity for the Company (other than as Auditor) and he or his firm may be remunerated for professional services as if he were not a Director; and/or
- (c) continue to be or become a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer or member of any other company promoted by the Company or in which the Company may be interested as a vendor, shareholder or otherwise.

Subject to the BVBCA and to the Articles, no Director or proposed or intending Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the Shareholders for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established provided that such Director shall disclose the nature of his interest in any contract, arrangement or transaction in which he is interested in accordance with the Articles.

A Director who, to his knowledge, is in any way, whether directly or indirectly, interested in a contract, arrangement or transaction or proposed contract, arrangement or transaction with the Company shall disclose or declare the nature of his interest at the meeting of the Board at which the question of entering into the contract or arrangement is first considered, if he knows his interest then exists, or in any other case at the first meeting of the Board after he knows that he is or has become so interested. For the purposes of this Article, a general notice to the Board by a Director to the effect that:

- (i) he is a member, director, officer or trustee of a specified company, firm or other person and is to be regarded as interested in any contract, arrangement or transaction which may after the date of the Notice be made with that company, firm or person; or
- (ii) he is to be regarded as interested in any contract, arrangement or transaction which may after the date of the Notice be made with a specified person who is connected with him,

shall be deemed to be a sufficient declaration of interest under this Article in relation to any such contract, arrangement or transaction, provided that no such notice shall be effective unless either it is given at a meeting of the Board or the Director takes reasonable steps to secure that it is brought up and read at the next Board meeting after it is given. For the purposes of this Article, a disclosure shall not be taken to have been made to the Board unless it is made or brought to the attention of every Director on the Board.

A Director shall not vote on any resolution of the Board in respect of any contract, arrangement or transaction or proposed contract, arrangement or transaction in which he has directly or indirectly a personal material interest. Such a Director shall also not be counted in determining whether a quorum is present at a meeting of the Board at which such contract, arrangement or transaction or proposed contract, arrangement or transaction in which he has directly or indirectly a personal material interest is considered. Matters in which he shall not be considered to have a personal material interest shall include the following:

- (i) any contract, arrangement or transaction for the giving to such Director any security or indemnity in respect of money lent by him or obligations incurred or undertaken by him at the request of or for the benefit of the Company or any of its subsidiaries;
- (ii) any contract, arrangement or transaction for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director has himself assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (iii) any contract, arrangement or transaction in which he is interested in the same manner as other holders of shares or debentures or other securities of the Company or any of its subsidiaries by virtue only of his interest in shares or debentures or other securities of the Company;

- (iv) any contract, arrangement or transaction concerning any other company in which he is interested only, whether directly or indirectly, as an officer or executive or a shareholder other than a company in which the Director together with any of his associates (as defined by the rules or regulations, where applicable, of the Designated Stock Exchange) is beneficially interested in (other than through his interest (if any) in the Company) five per cent. or more of the issued shares or of the voting rights of any class of shares of such company (or any third company through which his interest is derived);
- (v) any proposal concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death or disability benefits scheme or other arrangement which relates both to directors and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director as such any privilege or advantage not accorded to the employees to which such scheme or fund relates; or
- (vii) any contract, arrangement or transaction which (i) is between the Director and the Company and (ii) is or is to be entered into in the ordinary course of the Company's business and on usual terms and conditions.

4.2.12 **Auditor**

At the annual general meeting or at a subsequent general meeting in each year, the Shareholders shall appoint an auditor to hold office until the close of the next annual general meeting, and if an appointment is not so made, the auditor in office shall continue in office until a successor is appointed. Such auditor may be a Shareholder but no Director or officer or employee of the Company shall, during his continuance in office, be eligible to act as an auditor of the Company. The Shareholders may, at any general meeting convened and held in accordance with the Articles, by special resolution remove the auditor at any time before the expiration of his term of office and shall by ordinary resolution at that meeting appoint another auditor in his stead for the remainder of his term.

The financial statements of the Company shall be audited at least once in every year by the auditor in accordance with generally accepted auditing standards. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor shall be submitted to the Shareholders in general meeting.

4.2.13 **Indemnity**

The Company shall indemnify against all expenses, including legal fees, and against all judgments, fines and amounts paid in settlement and reasonably incurred in connection with legal, administrative or investigative proceedings any person who is or was a party or is threatened to be made a party to any threatened, pending or completed proceedings, whether civil, criminal, administrative or investigative, by reason of the fact that the person:

- (a) is or was a Director, an officer or a liquidator of the Company; or
- (b) is or was, at the request of the Company, serving as a director, officer or liquidator of, or in any other capacity is or was acting for, another body corporate or a partnership, joint venture, trust or other enterprise

provided that such person acted honestly and in good faith and in what he believed to be the best interests of the Company and, in the case of criminal proceedings, he had no reasonable cause to believe that his conduct was unlawful.

5. DISCLOSURE OF INTERESTS

5.1 Directors' and other interests

5.1.1 At the date of this Document and following the Subscription and Admission, the interests of the Directors (including persons connected with the Directors within the meaning of section 252 of the Companies Act) in the issued share capital of the Company are as follows:

<i>Director</i>	<i>At the date of this Document</i>		<i>Immediately following Admission</i>	
	<i>Number of Ordinary Shares</i>	<i>Percentage of Existing Issued Shares</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of Enlarged Issued Ordinary Share Capital</i>
Duncan Chui [†]	4,060,378	41.0%	4,060,378	31.8%
Patrick Macdougall ^{†††}	60,000	0.6%	118,824	0.9%
John Croft ^{††}	Nil	Nil	14,118	0.1%
Chau Vinh Heng ^{††††}	2,222,836	22.4%	2,222,836	17.4%

[†] Duncan Chui is taken to be interested in 4,060,378 Ordinary Shares held by Imperia Capital of which he is a director and 25 per cent. shareholder. Duncan Chui transferred 100 Ordinary Shares which he held personally to Imperia Capital on 3 October 2008

^{††} In addition to his personal holding, John Croft has an economic interest in GC Partners, which itself has entered into an option agreement with the Company in respect of 8 per cent. of the Enlarged Issued Share Capital of the Company on Admission.

^{†††} Patrick Macdougall is taken to be interested in 118,824 Ordinary Shares by virtue of his personal holding of 58,824 and a further 60,000 Ordinary Shares held by Macdougall Nominees Limited of which he is a director and controlling shareholder.

^{††††} In addition, Chau Vinh Heng has an option, granted to him under his letter of appointment, to subscribe for 871,150 Ordinary Shares at US\$1.80 per Ordinary Share, details of which are set out in paragraph 7 of Part IV.

5.1.2 Save as disclosed in this paragraph 5, none of the Directors nor any member of their families, nor any person connected with them within the meaning of section 252 of the Companies Act, has any interest in the issued share capital of the Company or its subsidiaries.

5.1.3 Save as disclosed in this paragraph 5 as at the date of this Document, no Director has any option over or warrant to subscribe for any shares in the Company.

5.1.4 Save for the Introduction Agreement referred to in paragraph 9.2 of Part IV of this Document; the service agreements and letters of appointment referred to in paragraph 7.1 of Part IV of this Document; the lock-in agreements referred to in paragraph 9.5 of Part IV of this Document; or the option agreement referred to in paragraph 9.4 of Part IV of this Document, there are no agreements, arrangements or understandings (including compensation agreements) between any of the Directors, recent directors, shareholders or recent shareholders of the Company connected with or dependent upon Admission.

5.2 *Major Shareholders*

5.2.1 In addition to those disclosed at paragraph 5.1 above, the Company is aware of the following persons who, at 29 September 2009 (being the latest practicable date before publication of this Document) and following completion of Admission and the Subscription, have interests in voting rights over 3 per cent. or more of the issued share capital of the Company:

<i>Shareholder</i>	<i>At the date of this Document</i>		<i>Immediately following Admission</i>	
	<i>Number of Ordinary Shares</i>	<i>Percentage of Existing Issued Share Capital</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of Enlarged Issued Share Capital</i>
Imperia Capital	4,060,378	41.0%	4,060,378	31.8%
Tang Yue Nien, Martin	963,703	9.7%	963,703	7.6%
Li Yiu Keung	963,703	9.7%	963,703	7.6%
Gateway Sino Limited	Nil	Nil	716,846	5.6%

5.2.2 Save as disclosed above, the Directors are not aware of any person or persons who, directly or indirectly, have an interest in the Company which represents 3 per cent. or more of its issued share capital or voting rights who, directly or indirectly, jointly or severally, exercise or could exercise control over the Company.

5.3 Neither the Directors nor any substantial shareholders have different voting rights to other holders of the share capital of the Company.

6. **ADDITIONAL INFORMATION ON THE DIRECTORS**

6.1 The Directors currently hold (other than directorship of the Company) the following directorships and are partners in the following partnerships and have held the following directorships and have been partners in the following partnerships within the five years prior to the publication of this Document:

<i>Director</i>	<i>Current Directorships or interests in partnerships</i>	<i>Former Directorships or interests in partnerships held in last five years</i>
Hanson Cheah	Travelzen (Hong Kong) Limited Silk Road Capital Management Limited Integro Capital Limited Earlybird (Asia) Limited Eagle Advisors (Asia) Limited Emergent Technology Limited Continuous Technology International Limited The Asia Java Fund Pte Limited AsiaTech Ventures Pte Limited SnT Global Solutions Pte Limited Asiapapermarkets Pte Limited	AsiaTech Ventures Limited The Venture Capital Association, Hong Kong
John Croft	Croft International Partners Limited	Axiom Mining Limited Future Route Limited Home Media Networks Limited SkyNet Global e-pay Asia Limited
Duncan Chui	Sino Katalytics Investment Corporation Imperia Capital International Holdings Limited FLM Investment Limited	

Director	Current Directorships or interests in partnerships	Former Directorships or interests in partnerships held in last five years
	China Private Equity Investment Group Limited Four Gold OG (HK) Limited A03 (HK) Limited Jun Da Enterprise Development Company Limited Jun Da Industrial Holdings Limited JD Donati Asia Limited Fortel Technology Holdings Limited Fortel Network Technology (Guangzhou) Limited Guangdong Xinnuo Audio Visual Culture Company Limited UCCTV (Hong Kong) Limited Woddlock Investment Limited Million Full Assets Limited Canterberry Investments Limited Kenabell Trading Limited AIH 108 Limited Concolor Holdings Limited Richbird Holdings Limited Kendervon Profits Inc. Ethnocentric Investment Limited CNI Capital Limited CNI Finance Limited Coqueen Company Limited Fook Lam Moon Restaurant Limited Orbrich (China) International Factors Limited	
Patrick Macdougall	Macdougall Nominees Limited Palecrest Limited SANE Vizor Limited	Goodman UK Limited Goodman Real Estate Services (UK) Limited Goodman UK Pension Plan Trustees Limited St. Mary's (Calne) Services Limited TBIF Financial Services B.V.
Ernest Wong	None	Guangdong Building Industries Limited ASTRI Photonics Technologies Limited
Chau Vinh Heng	C K Grandfield (Holdings) Limited C K Grandfield Finance Limited C K Grandfield Capital Limited C K Grandfield Investments Limited Best Fortune Consultants Limited Chelac Investment Co. Limited Max City Limited Viet Sund Limited Joint Ore Limited	

- 6.2 Save as set out in paragraph 6.3, none of the Directors has:
- 6.2.1 any unspent convictions in relation to indictable offences;
 - 6.2.2 any bankruptcy order made against him or entered into any individual voluntary arrangements;
 - 6.2.3 ever been a director of a company which has been placed in receivership, creditors' voluntary liquidation, compulsory liquidation or administration, or been subject to a voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors, whilst he was a director of that company or within the 12 months after he ceased to be a director of that company;
 - 6.2.4 ever been a partner in any partnership which has been placed in compulsory liquidation or administration or been the subject of a partnership voluntary arrangement whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
 - 6.2.5 owned, or been a partner in a partnership which owned, any asset which, while he owned that asset, or while he was a partner or within 12 months after his ceasing to be a partner in the partnership which owned that asset, entering into receivership;
 - 6.2.6 been publicly criticised by any statutory or regulatory authority (including recognised professional bodies); or
 - 6.2.7 been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of a company.
- 6.3 John Croft was a director of Home Media Networks Limited until December 2004. Home Media Networks Limited was placed in liquidation in December 2005. The statement of affairs showed an estimated total deficiency to shareholders and creditors of £349,000.

7. DIRECTORS' SERVICE AGREEMENTS AND TERMS OF APPOINTMENT

- 7.1 The Company has entered into the following service agreements and letters of appointment:
- 7.1.1 On 1 April 2008 Duncan Chui entered into a service agreement with the Company for an initial term of three years. Mr. Chui has agreed to act as Chief Executive Officer of the Company for a salary of HK\$1,200,000 per annum. The appointment is terminable on two months' notice by either side. This service agreement was amended by a letter agreement dated 1 April 2008 pursuant to which the "effective date" of the agreement was agreed between the parties to be 21 May 2008.
 - 7.1.2 On 1 April 2008 Ernest Wong entered into a service agreement with the Company for an initial term of three years. Mr. Wong has agreed to act as Chief Financial Officer of the Company for a salary of HK\$1,320,000 per annum. The appointment is terminable on two months' notice by either side. This service agreement was amended by a letter agreement dated 1 April 2008 pursuant to which the "effective date" of the agreement was agreed between the parties to be 21 May 2008.
 - 7.1.3 On 13 July 2008 Hanson Cheah entered into a letter of appointment with the Company for an initial term of three years under the terms of which he has agreed to act as a non-executive director of the Company for a fee of HK\$300,000 per annum. The appointment is terminable on two months' notice by either side.
 - 7.1.4 On 1 April 2008 John Croft entered into a letter of appointment with the Company for an initial term of three years under the terms of which he agreed to act as a non-executive director of the Company for a fee of £30,000 per annum. Mr. Croft and the Company have agreed that for the first twelve months of his appointment, he be remunerated by the allotment to him of 14,118 Ordinary Shares on Admission at a price of £0.85 per Ordinary Share as have a value equal to £12,000, in lieu of 40 per cent. of his fee in the first twelve months of his appointment. The appointment is terminable on two months' notice by either side. This appointment was amended by a letter agreement dated 2 September 2008 to take account of remuneration for services rendered prior to this date.
 - 7.1.5 On 1 April 2008 Patrick Macdougall entered into a letter of appointment with the Company for an initial term of three years under the terms of which he agreed to act as non-executive chairman of the Company for a fee of £50,000 per annum.

Mr. Macdougall and the Company have agreed that for the first twelve months of his appointment he be remunerated by the allotment to him of 58,824 Ordinary Shares on Admission at a price of £0.85 per Ordinary Share, equivalent to £50,000, in lieu of his fee. The appointment is terminable on two months' notice by either side.

- 7.1.6 On 30 September 2009 Chau Vinh Heng entered into a letter of appointment with the Company for an initial term of three years under the terms of which he has agreed to act as non-executive chairman of the Company for a fee of HK\$240,000 per annum. In addition Mr Chau has been granted an irrevocable option to purchase 871,150 Ordinary Shares of the Company (the "**Option**") at a price per option share equal to US\$1.80. The Option expires after three years from the date of appointment. Mr Chau's appointment is terminable on two month's notice by either side.
- 7.2 Save as set out above there are no contracts providing for benefits upon termination of employment of any Director.
- 7.3 Pursuant to the Articles, Chau Vinh Heng's appointment to the Board is subject to formal ratification and approval by Shareholders. Accordingly an extraordinary general meeting of the Company has been convened and is to be held on 17 October 2009 at which a resolution has been proposed to approve the appointment. The Company has received written confirmation from certain key shareholders (representing in excess of 50 per cent. of the Ordinary Shares) that they will vote in favour of Chau Vinh Heng's appointment.

8. FORTEL ACQUISITION

8.1 *Fortel Acquisition Agreement*

Under a share for share exchange agreement dated 8 September 2008 ("**Fortel Acquisition Agreement**") between (1) the Company, (2) TMT Holdings, (3) the Selling Fortel Shareholders and (4) Imperia Capital, the Selling Fortel Shareholders and Imperia Capital agreed to sell to TMT Holdings 38,690 shares of US\$ 0.01 in Fortel BVI. The Selling Fortel Shareholders and Imperia Capital received 9,154,348 Ordinary Shares as consideration for the transaction which in aggregate constituted 92.4 per cent. of the issued shares in the Company prior to the IPO. Under the Fortel Acquisition Agreement the Selling Fortel Shareholders and Imperia Capital have provided warranties on the affairs of Fortel BVI on matters concerning, *inter alia*, ownership, litigation, insolvency and intellectual property.

8.2 *Fortel's Contractual Arrangements*

a) ***Exclusive Services Agreement***

Under an agreement dated 18 July 2008 between (1) Fortel GZ and (2) GD Xinnuo, Fortel GZ has agreed to provide a range of management and administrative support services to the business of GD Xinnuo. As consideration for these services, GD Xinnuo has agreed to pay Fortel GZ a fee of 97 per cent. of its monthly turnover. Under the Exclusive Services Agreement, GD Xinnuo has provided a number of warranties in relation to the ongoing management of the business and assets.

b) ***Share Pledge Agreement***

Under an agreement dated 18 July 2008 between (1) the PRC Shareholders and (2) Fortel GZ, the PRC Shareholders have agreed to pledge their equity interest in GD Xinnuo to Fortel GZ to secure the liabilities and obligations of GD Xinnuo under the Exclusive Services Agreement. The PRC Shareholders have provided a number of warranties under the Share Pledge Agreement in relation to the business and assets of GD Xinnuo including a warranty to procure that GD Xinnuo complies with its obligations under the Exclusive Services Agreement. The pledge can be called by Fortel GZ under certain circumstances, including a breach of warranty and a failure to pay service fees under the Exclusive Services Agreement. The pledge entitles Fortel GZ to require payment equivalent to all amounts due to it under the Exclusive Services Agreement.

c) ***Power of Attorney in relation to voting rights in GD Xinnuo***

On 18 July 2008 each of the PRC Shareholders signed a power of attorney authorising Fortel GZ to vote on their behalf in their capacity as shareholders in GD Xinnuo. The powers of attorney provide that each of the PRC Shareholders waive their rights to exercise their voting rights in person.

d) **Call Option Agreement**

Under an agreement dated 18 July 2008 between (1) Fortel HK, (2) the PRC Shareholders and (3) GD Xinnuo, the PRC Shareholders have irrevocably granted an option for Fortel HK to acquire all or part of their equity interest in GD Xinnuo in any manner to the extent permitted under PRC law. The terms of the call option state that it shall not lapse unless terminated by mutual agreement between the contractual parties.

e) **Finance Support Agreement**

Under an agreement dated 18 July 2008 between (1) Fortel GZ and (2) GD Xinnuo, Fortel GZ has agreed to provide finance to GD Xinnuo on demand and as permitted by PRC law. At the date of this Document GD Xinnuo has not exercised its rights under the agreement to require financial support.

f) **Loan Agreement**

Under an agreement dated 18 July 2008 between (1) Fortel HK and (2) the PRC Shareholders, Fortel HK has agreed to provide a loan of HK\$ 1,742,773 to the PRC Shareholders. The loan is payable over a period of thirty years on an interest free basis. Under the agreement the PRC Shareholders have provided various warranties in relation to performance of the agreements comprising the Contractual Arrangements.

8.3 **Related Party Transaction**

The acquisition of the stake in Fortel constitutes a related party transaction as Duncan Chui, Chief Executive Officer of the Company, owns 76.73 per cent. of Fortel by virtue of a direct holding of 14.73 per cent. and a further holding of 62.00 per cent. through Imperia Capital, of which he is a director and 25 per cent. shareholder. The remaining 75 per cent. of Imperia Capital is owned by Chui Pui Kun, who is Duncan Chui's father.

9. **OTHER MATERIAL CONTRACTS**

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

9.1 **Kingston Subscription Agreement**

Under a subscription agreement between (1) the Company and (2) Kingston Securities Limited dated 28 September 2009, Kingston agreed to use its reasonable endeavours to introduce to the Company potential subscribers who would subscribe for Ordinary Shares in the Company. Furthermore, Kingston agreed to subscribe for Ordinary Shares in the Company itself to the extent that it was necessary in order to ensure that the Company complied with its fundraising requirements as set out at Rule 8 of the AIM Rules for Companies. Under the terms of the agreement, the Company will, conditional upon Kingston satisfying obligations under the agreement, pay a fee of HK\$600,000 to Kingston.

The agreement contains an indemnity for the benefit of Kingston from the Company in relation to any claims brought against Kingston by third parties in relation to the introduction of subscribers to the Company by Kingston.

9.2 **Introduction Agreement**

Under an introduction agreement dated 30 September 2009 between (1) Shore Capital (2) the Company and (3) the Directors, Shore Capital has agreed to use reasonable endeavours to introduce the Company to AIM. The Company will pay to Shore Capital a corporate finance fee of £185,000 plus VAT (if applicable). The Company is to bear all expenses of or incidental to the introduction including professional advisers' fees.

The agreement contains certain warranties and indemnities from the Company and the Directors in favour of Shore Capital subject to certain financial and time limits in relation to the warranties and the indemnities given by the Directors.

Shore Capital may terminate the introduction agreement in specified circumstances prior to admission for reasons including untrue statements in this Document, a breach of the warranties or other obligations of the Company or a Director, if an event occurs which is in the opinion of Shore Capital materially adverse to the financial position or business or

prospects of the group, or where any change in national, international, financial, monetary, economic, political or stock market conditions has occurred which in the opinion of Shore Capital is or may be materially adverse to the Company.

9.3 *Nominated adviser and broker agreement*

Under a nominated adviser and broker agreement dated 28 September 2009 between (1) Shore Capital and (2) the Company, Shore Capital has been appointed, conditional on admission, as the nominated adviser and broker to the Company. An annual fee is payable by the Company of £45,000 and the appointment can be terminated by three months' notice.

9.4 *Agreements with GC Partners*

(1) Pursuant to an original agreement dated 26 November 2006, as novated by an agreement dated 18 August 2008 between (1) the Company and (2) GC Partners, GC Partners agreed to provide corporate advisory services to the Company. Such services include assisting the Company in its pre-IPO fundraising round and seeking admission to AIM.

The agreement provides for GC Partners to receive certain fees, options and other commission in respect of these services, including: (i) a financial advisory fee of £125,000 (of which approximately £62,000 has been paid to GC Partners by the Company, the balance will be payable on Admission) plus disbursements; (ii) an aggregate commission of 7.5% on funds raised in the pre-IPO fundraising round in respect of investors introduced to the Company by GC Partners payable as to £10,600 in cash plus 6,235 options to subscribe for Ordinary Shares at a price of £0.85 per option exercisable at any time preceding the third anniversary of Admission; (iii) a commission of 2% on funds raised directly by the Company in the pre-IPO fundraising round; and (iv) the amount of US\$50,000 in respect of the Subscription. The cash amounts in sub-paragraphs (ii) and (iii) have been paid by the Company prior to Admission.

The agreement also provides for GC Partners to have the right of first refusal to be engaged by the Company to conduct on its behalf any future fundraising round for the period of two years following Admission and to be paid a commission of 2.5% on any funds raised from investors it has introduced to the Company for the period of 3 years following introduction to the Company.

The Company and GC Partners have been in discussion in the period leading up to Admission in relation to the payment of certain of the fees, commissions and disbursements due to GC Partners under the terms of this agreement and have reached agreement in this regard.

(2) Pursuant to an option agreement dated 30 September 2009 between (1) the Company and (2) GC Partners, the Company has agreed, conditional on Admission, to grant GC Partners an option to subscribe for such number of Ordinary Shares as is equal to 8 per cent. of the Enlarged Issued Share Capital on Admission. The price payable for each Ordinary Share acquired by GC Partners pursuant to this agreement will be the 2009 Subscription Price and the option may be exercised in full or in part at any time (other than during a close period) preceding the third anniversary of Admission.

9.5 *Lock-in and orderly marketing agreements*

The Company and in certain circumstances Shore Capital have each entered into lock-in and orderly marketing agreements with certain parties further details of which are set out in paragraph 19 of Part I of this Document.

9.6 *Depositary Agreement*

The Company has agreed that the Depositary shall provide the Company with depositary services in accordance with a trust deed poll executed by the Depositary dated 30 September 2009, pursuant to which the Depositary has determined to constitute and issue from time to time the Depositary Interests with a view to facilitating the indirect holding of and settlement of, transactions by participants in CREST.

9.7 Registrar Agreement

Under a registrar agreement between (1) the Company and (2) Computershare Investor Services (BVI) Limited (the “Registrar”) dated 28 September 2009 (the “Registrar Agreement”), the Registrar agrees to provide the services set out pursuant to Schedule 1 of the Registrar Agreement including the maintenance of the register in the British Virgin Islands for which the Company shall pay the Registrar a set-up fee of £1,500 and subsequent annual payments of £5,500 per annum plus out of pocket expenses.

9.8 Initial 2008 Subscribers

On 21 July 2008 the Company entered into separate subscription agreements with the Initial 2008 Subscribers under which the Company agreed to issue to them, in total, 530,586 new Ordinary Shares. The Initial 2008 Subscribers gave certain warranties, including (other than Patrick Macdougall/Macdougall Nominees Limited who entered into a separate agreement regarding his shareholding as a Locked-in Shareholder) an agreement not to dispose of the relevant number of Ordinary Shares for a period of six months from Admission and the total amount raised under these agreements was approximately £451,000.

9.9 2008 Subscription Agreements

The Company agreed the terms for subscription of Ordinary Shares with several parties in or around October 2008. Due to Admission not occurring at that time the relevant Ordinary Shares were not issued and certain of the subscription monies in respect of such subscriptions were not received by the Company. The 2009 Pre-IPO Subscribers formally terminated their 2008 Subscription Agreements and entered into new subscription agreements with the Company as described in more detail in paragraph 9.10 of this Part IV. In relation to those other parties from whom the Company did not receive subscription monies, the Company’s obligation to issue and allot Ordinary Shares to such parties lapsed in accordance with the terms of the relevant agreements.

9.10 2009 Pre-IPO Subscription Agreements

The 2009 Pre-IPO Subscribers agreed to terminate their 2008 Subscription Agreements upon the terms set out in the Deeds of Termination and each of them subsequently signed a Pre-IPO Subscription Agreement at the 2009 Pre-IPO Subscription Price. The Company issued to them, in total, 221,175 Ordinary Shares. The 2009 Pre-IPO Subscribers gave certain warranties under the 2009 Pre-IPO Subscription Agreements, including an agreement not to dispose of their proportion of the Ordinary Shares for a period of six months from Admission and the total amount raised under these agreements was approximately £188,000.

9.11 2009 Subscription Agreements

Between 5 August 2009 and 30 September 2009 the Company entered into the 2009 Subscription Agreements with the 2009 Subscribers who subscribed, conditional on Admission, for a total of 2,777,778 Ordinary Shares raising, in aggregate, US\$5 million. Under the 2009 Subscription Agreements each of the 2009 Subscribers gave certain warranties, including compliance with relevant laws, capacity to enter the 2009 Subscription Agreements and non-reliance on presentations made by the Company.

9.12 Shareholders’ Agreement

Under a shareholders’ agreement dated 8 September 2008 between (1) the Company (2) TMT Holdings (3) the Remaining Fortel BVI Shareholders and (4) Fortel BVI, the parties agreed on various matters relating to, *inter alia*, the procedural, administrative, financial and general functions of Fortel BVI. The Shareholders’ Agreement provides a list of matters specifically reserved for decision by the majority shareholders in Fortel BVI. In particular, Imperia Capital is entitled to appoint three directors to the board of Fortel BVI and the Company is entitled to appoint two directors, the maximum number of directors on the board of Fortel BVI being five directors at any time. The controlling shareholder of Imperia Capital is Chui Pui Kun, Duncan Chui’s father.

9.13 Management Services Agreement

On 29 October 2008, the Company entered into a management services agreement with Fortel BVI pursuant to which the Company agreed to provide certain management, technical and marketing services to the board of Fortel in consideration for which Fortel shall pay the Company a monthly fee of US\$8,000 for the first year of the agreement.

10. LITIGATION

The Company is not, nor has at any time in the 12 months immediately preceding the date of this Document, been engaged in any governmental, legal or arbitration proceedings and the Directors are not aware of any governmental, legal or arbitration proceedings pending or threatened by or against the Company, nor of any such proceedings having been pending or threatened at any time in the 12 months preceding the date of this Document in each case which may have, or have had in the 12 months preceding the date of this Document, a significant effect on the Company's financial position or profitability.

11. WORKING CAPITAL

The Directors are of the opinion that, having made due and careful enquiry, the working capital available to the Company, taking into account the estimated net proceeds of the Subscription, will be sufficient for its present requirements, that is for at least 12 months from the date of Admission.

12. TAXATION

12.1 *United Kingdom Taxation*

The following information is given in summary form only and is based on tax legislation as it exists at the present time. The information relates to the tax position of holders of Ordinary Shares in the capital of the Company who are resident or ordinarily resident in the United Kingdom for tax purposes. The statements below do not constitute advice to any Shareholder on his or her personal tax position, and may not apply to certain classes of investor (such as persons carrying on a trade in the United Kingdom or United Kingdom insurance companies).

This is only a summary of the tax reliefs available to investors and should not be construed as constituting advice. A potential investor should obtain advice from his or her own investment or taxation adviser before subscribing for Ordinary Shares.

Inheritance Tax Relief

The company's shares are treated as unquoted shares for UK inheritance tax (IHT) purposes. Individuals and Trustees subject to IHT may be entitled to business property relief of up to 100% after a holding period of two years, providing all the relevant conditions for the relief are satisfied at the appropriate time.

Income Tax

Under current United Kingdom taxation legislation, no withholding tax will be deducted from dividends paid by the Company.

Dividends paid by the Company will carry an associated tax credit of one-ninth of the cash dividend or ten percent of the aggregate of the cash dividend and associated tax credit. Individual shareholders resident in the UK receiving such dividends will be liable to income tax on the aggregate of the dividend and associated tax credit at the dividend basic rate (10 per cent.) or the dividend higher rate (32.5 per cent.).

The effect will be that the taxpayers who are otherwise liable to pay at only the lower rate or basic rate of income tax will have no further liability or income tax in respect of such a dividend. Higher rate payers will have an additional liability (after taking into account the tax credit) of 22.5 per cent of the aggregate of the cash dividend and the associated tax credit, or an effective rate of 25 per cent of the dividend actually received. Individual shareholders whose income tax liability is less than the tax credit will not be entitled to claim a repayment of all or part of the tax credit associated with such individuals.

From 6/4/2010, a new rate of tax has been introduced for individuals with taxable income in excess of £150,000. For those individuals who suffer tax at the new higher rate, the dividend will be subject to tax at 42.5% less any deemed tax credit (an effective tax rate of 36.1% of the dividend received).

With certain exceptions for traders in securities, a holder of Ordinary Shares that is a company resident (for taxation purposes) in the United Kingdom and receives a dividend paid by the Company, will not be subject to tax in respect of the dividend.

Taxation of capital gains made by shareholders

- (a) A UK resident individual shareholder who disposes of, or who is deemed to dispose of, their shares in the Company may be liable to capital gains tax in relation thereto at a flat rate of 18 per cent of any gain thereby realised. The rate of tax may be reduced to an effective tax rate of 10% if the conditions for entrepreneurs relief are met. In computing the gain, the shareholder should be entitled to deduct from proceeds the cost to him of the shares (together with incidental costs of acquisition and disposal).
- (b) A UK resident corporate shareholder disposing of its shares in the company may be liable to corporation tax on chargeable gains in relation thereto at the usual rates of corporation tax applicable to it (currently 21-28 per cent depending on the taxable profits of the shareholder,). In computing the chargeable gain liable to corporation tax, the shareholder is entitled to deduct from the disposal proceeds, the cost to it of the shares, together with incidental costs of acquisition, as increased by indexation allowance, and disposal costs.

In some circumstances, a shareholder may be exempt from corporation tax in relation to its disposal of shares under the substantial shareholding exemption or be able to reduce the quantum of the gain by capital and/or income losses arising to the corporate shareholder.

Stamp Duty and Stamp Duty Reserve Tax

No United Kingdom stamp duty will be payable on the issue by the Company of Ordinary Shares. Transfers of Ordinary Shares for value may give rise to a liability to pay United Kingdom *ad valorem* stamp duty, or stamp duty reserve tax, at the rate in each case of 50p per £100 of the amount or value of the consideration (rounded up in the case of stamp duty to the nearest £5). Transfers under the CREST system for paperless transfers of shares will generally be liable to stamp duty reserve tax.

12.2 British Virgin Islands (BVI) Taxation

The Company is registered under the BVIBCA.

As such the Company is not subject to tax in the BVI and there are no transfer or other taxes payable on any transfer of shares. There is no withholding tax on dividends.

The Company needs to pay an annual registration fee to the Government. This and most other BVI filings are made by the Registered Agent.

12.3 Hong Kong Taxation**Taxation of dividends**

Hong Kong does not impose tax on dividend income. Dividend income received by a Hong Kong resident corporate shareholder or a Hong Kong individual shareholder from the Company, would not be taxable in Hong Kong.

Taxation of capital gains made by shareholders

There is no capital gains tax in Hong Kong. On the basis that the company would be quoted on AIM, share investment in the Company would be regarded as an offshore investment for Hong Kong tax purposes. As Hong Kong has a territorial based tax concept in which only income sourced in Hong Kong would be subject to tax, any gain on the disposal of shares by a Hong Kong resident corporate or individual shareholder would be offshore in nature and not taxable in Hong Kong.

Transaction taxes

Transfer or disposal of Hong Kong stock attracts stamp duty at 0.1 per cent. on the transfer price or market value of the shares at the time of transfer, whichever is higher. For stamp duty purposes, "Hong Kong Stock" means stock the transfer of which is required to be registered in Hong Kong. Providing the Company does not maintain any statutory corporate share register in Hong Kong, the transfer or disposal of the shares of the company by its shareholders will not be registered in Hong Kong. As such, the transfer or disposal of shares by its shareholders should not be subject to Hong Kong stamp duty. Otherwise, stamp duty at 0.1 per cent. would apply.

13. CREST and Depositary Interests

13.1 Introduction

CREST is a paperless settlement system allowing securities to be transferred from one person's CREST account to another without the need to use share certificates or written instruments of transfer. Securities issued by non-UK registered companies, such as the Company, cannot be held or transferred in the CREST system. However, to enable investors to settle such securities through CREST, a depositary or custodian can hold the relevant securities and issue dematerialised DIs representing the underlying securities which are held on trust for the holders of the DIs.

With effect from Admission, it will be possible for CREST members to hold and transfer interests in Ordinary Shares within CREST pursuant to a DI arrangement established by the Company with the Depositary. CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will also be able to do so. No temporary documents of title will be issued.

The Ordinary Shares will not themselves be admitted to CREST. Instead the Depositary will issue DIs in respect of the underlying Ordinary Shares. The DIs will be independent securities constituted under English law which may be held and transferred through CREST. DIs will have the same international security identification number (ISIN) as the underlying Ordinary Shares and will not require a separate listing on AIM. The DIs will be created and issued pursuant to the DI Deed Poll, which will govern the relationship between the Depositary and the holders of DIs.

Application will be made for the DIs in respect of the underlying Ordinary Shares to be admitted to CREST with effect from Admission. Holders of Ordinary Shares in certificated form who wish to hold DIs through the CREST system may be able to do so and should contact the Registrar.

13.2 Summary of the DI Deed Poll

As mentioned above, the DIs will be created pursuant to and issued on the terms of the DI Deed Poll. The DI Deed Poll is executed by the Depositary, in favour of the holders of the DIs from time to time. Prospective holders of DIs should note that they will have no rights against CRESTCo or its subsidiaries in respect of the underlying Ordinary Shares or the DIs representing them.

Shares will be transferred to an account of the Depositary or its nominated custodian (the "Custodian") and the Depositary will issue DIs to participating members.

Each DI will be treated as one Ordinary Share for the purposes of determining, for example, eligibility for any dividends. The Depositary will pass on to holders of DIs any stock or cash benefits received by them as holder of Ordinary Shares on trust for such DI holder. DI holders will also be able to receive from the Depositary notices of meetings of holders of Ordinary Shares and other information to make choices and elections issued by the Company to the Shareholders.

In summary, the DI Deed Poll contains, *inter alia*, provisions to the following effect:

13.2.1 The Depositary will hold (themselves or through the Custodian), as bare trustee, the underlying securities issued by the Company and all and any rights and other securities, property and cash attributable to the underlying securities for the time being held by the Depositary or Custodian pertaining to the DIs for the benefit of the holders of the DIs. The Depositary will re-allocate securities or distributions allocated to the Depositary or the Custodian *pro rata* to the Ordinary Shares held for the respective accounts of the holders of DIs but will not be required to account for fractional entitlements arising from such re-allocation.

13.2.2 Holders of DIs warrant, *inter alia*, that the securities in the Company transferred or issued to the Custodian on behalf of the Depositary for the account of the DI holder are free and clear of all liens, charges, encumbrances or third party interests and that such transfers or issues are not in contravention of the Company's articles of association or any contractual obligation, or applicable law or regulation binding or affecting such holder.

- 13.2.3 The Depositary and any Custodian must pass on to DI holders, or exercise on their behalf, all rights and entitlements received by the Depositary or the Custodian in respect of the deposited securities in accordance with the DI Deed Poll. Rights and entitlements to cash distributions, to information, to make choices and elections and to attend and vote at meetings shall, subject to the DI Deed Poll, be passed on in the form which they are received, together with amendments and additional documentation necessary to effect such passing-on, or exercised in accordance with the DI Deed Poll. If arrangements are made which allow a holder to take up rights in the Company's securities requiring further payment, the holder must pay the Depositary in cleared funds before the relevant payment date or other date notified by the Depositary if it wishes the Depositary to exercise such rights.
- 13.2.4 The Depositary will be entitled to cancel DIs and treat the holders as having requested a withdrawal of the underlying securities in certain circumstances including where a DI holder fails to furnish to the Depositary such certificates or representations as to material matters of fact, including his identity, as the Depositary deems necessary or appropriate for the administration or implementation of the Deed Poll in accordance with applicable laws and regulations.
- 13.2.5 The DI Deed Poll contains provisions excluding and limiting the Depositary's liability. For example, the Depositary shall not be liable to any DI holder or any other person for liabilities in connection with the performance or non-performance of obligations under the DI Deed Poll or otherwise except as may result from their negligence or wilful default or fraud or that of any person for whom the Depositary is vicariously liable, provided that the Depositary shall not be liable for the negligence, wilful default or fraud of any Custodian or agent which is not a member of its group unless the Depositary has failed to exercise reasonable care in the appointment and continued use and supervision of such Custodian or agent. Furthermore, the Depositary's liability to a holder of DIs will be limited to the lesser of:
- (a) the value of the shares and other deposited property properly attributable to the DIs to which the liability relates; and
 - (b) that proportion of £5 million which corresponds to the portion which the amount the Depositary would otherwise be liable to pay to the DI holder bears to the aggregate of the amounts the Depositary would otherwise be liable to pay to all such holders in respect of the same act, omission, or event or, if there are no such amounts, £5 million.
- 13.2.6 The Depositary is entitled to charge holders of DIs fees and expenses for the provision of their services under the DI Deed Poll.
- 13.2.7 The holders of DIs are required to agree and acknowledge with the Depositary that it is the responsibility of the holder and not the Depositary, to ensure that any transfer of DIs by them which is identified by the CREST system as exempt from stamp duty reserve tax is so exempt, and to notify the Depositary if this is not the case, and to pay to CRESTCo any interest, charges or penalties arising from nonpayment of stamp duty reserve tax in respect of such transaction.
- 13.2.8 Each holder of DIs is liable to indemnify the Depositary and any Custodian (and their agents, officers and employees) against all liabilities arising from or incurred in connection with, or arising from any act related to, the DI Deed Poll so far as they relate to the DIs (and any property or rights held by the Depositary or Custodian in connection with the DIs) held by that holder, other than those resulting from the wilful default, negligence or fraud of the Depositary, or the Custodian or any agent if such Custodian or agent is a member of the Depositary's group or if, not being a member of the same group, the Depositary shall have failed to exercise reasonable care in the appointment and continued use of such Custodian or agent.
- 13.2.9 The Depositary is entitled to make deductions from any income or capital arising from the underlying securities, or to sell such underlying securities and make deductions from the sale proceeds therefrom, in order to discharge the indemnification obligations of DI holders.

13.2.10 The Depositary may terminate the DI Deed Poll by giving not less than 90 days' prior notice. During such notice period holders may cancel their DIs and withdraw their deposited property and, if any DIs remain outstanding after termination, the Depositary must, among other things, deliver the deposited property in respect of the DIs to the relevant DI holders or, at its discretion sell all or part of such deposited property. They shall, as soon as reasonably practicable, deliver the net proceeds of any such sale, after deducting any sums due to the Depositary, together with any other cash held by it under the DI Deed Poll *pro rata* to holders of DIs in respect of their DIs.

13.2.11 The Depositary may require from any holder information as to the capacity in which DIs are or were owned and the identity of any other person with or previously having any interest in such DIs and the nature of such interest and evidence or declarations of nationality or residence of the legal or beneficial owners of DIs and such information as is required for the transfer of the relevant Ordinary Shares to the holders. Holders agree to provide such information requested and consent to the disclosure of such information by the Depositary to the extent necessary or desirable to comply with their legal or regulatory obligations. Furthermore, to the extent that the Company's Articles require disclosure to the Company of, or limitations in relation to, beneficial or other ownership of the Company's securities, the holders of DIs are to comply with the Company's instructions with respect thereto.

14. GENERAL

14.1 The gross proceeds of the Subscription receivable by the Company are expected to amount to approximately US\$5 million. Total costs and expenses payable by the Company in connection with the Admission (including professional fees, commissions, the costs of printing and the fees payable to the registrars) are estimated to amount to approximately US\$0.8 million (excluding VAT). In addition, the Company has paid fees of approximately US\$0.8 million to professional advisers referred to in this Document in relation to the pre-IPO fundraising and the general preparation of the Company for Admission.

14.2 The 2009 Subscription Price of the Ordinary Shares is US\$1.80 per Ordinary Share. The Ordinary Shares are in registered form.

14.3 The financial information relating to the Company set out in the accountants' report in Part III (a) of this Document does not comprise statutory accounts within the meaning of the Companies Act.

14.4 Mazars LLP has given and has not withdrawn its written consent to the inclusion of its reports in Part III of this Document and the references to its name in the form and context in which they are respectively included. Mazars LLP, which is a member of the Institute of Chartered Accountants in England and Wales, is registered in England and Wales as limited liability partnership under OC308299 and its registered office is at Tower Bridge House, St Katharine's Way, London E1W 1DD.

14.5 Shore Capital has given and has not withdrawn its consent to the inclusion in this Document of the references to its name in the form and context in which they are included.

14.6 It is expected that definitive share certificates will be despatched (where applicable) by hand or first class post by 30 October 2009.

14.7 Save as disclosed in this Document, there has been no significant change in the trading or financial position of the Company since 30 June 2009, the date to which the last consolidated accounts of the Company were prepared.

14.8 Save as set out in this Document no person (other than a professional adviser referred to in this Document or trade suppliers or customers dealing with members of the Company) has:

14.8.1 received directly or indirectly, from the Company within the 12 months preceding the Company's application for Admission; or

14.8.2 entered into contractual arrangements (not otherwise disclosed in this Document) to receive directly or indirectly, from the Company on or after Admission, any of the following;

(i) fees totalling £10,000 or more;

- (ii) securities in the Company with a value of £10,000 or more calculated by reference to the 2009 Subscription Price; or
- (iii) any other benefit with a value of £10,000 or more at the date of Admission.

14.9 Save as disclosed in this Document, there are no investments in progress of the Company which are or may be significant.

14.10 Save as disclosed in this Document, the Directors are unaware of any exceptional factors which have influenced the Company's recent activities.

14.11 Other than the current application for Admission, the Ordinary Shares have not been admitted to dealings on any recognised investment exchange nor has any application for such admission been made or refused nor are there intended to be any other arrangements for dealings in the Ordinary Shares.

15. THIRD PARTY INFORMATION

15.1 Various data used in this Document has been obtained from independent sources. The Company has not verified the data obtained from these sources and cannot give any guarantee of the accuracy or completeness of the data. Forecasts and other forward-looking information obtained from these sources are subject to the same qualifications, risks and uncertainties described above.

15.2 Where information has been sourced from a third party, the Company confirms that the information has been accurately reproduced and that as far as it is aware and is able to ascertain from information published by each of those third parties, no facts have been omitted which would render the information reproduced inaccurate or misleading.

16. AVAILABILITY OF ADMISSION DOCUMENT

Copies of this Document are available for inspection during normal business hours on any weekday (Saturdays and public holidays excepted) at the offices of Pinsent Masons LLP, CityPoint, One Ropemaker Street, London EC2Y 9AH and the registered office of the Company from the date of this Document until at least one month after the date of Admission and on the Company's website, www.cpe-invest.com.

Dated: 30 September 2009

DEFINITIONS

“Admission”	the admission of the issued Ordinary Shares to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules for Companies
“AIM”	the AIM Market of the London Stock Exchange
“AIM Rules for Companies”	the rules issued from time to time by the London Stock Exchange governing the admission to AIM
“AIM Rules for Nominated Advisers”	the rules issued from time to time by the London Stock Exchange setting out the eligibility, ongoing responsibilities and certain disciplinary matters in relation to nominated advisers
“Articles”	the articles of association of the Company
“Board” or “Directors”	the board of directors of the Company
“BVI”	British Virgin Islands
“BVIBCA”	the BVI Business Companies Act 2004 (No 16 of 2004) (as amended) and the regulations made thereunder
“Call Option Agreement”	the call option agreement between Fortel HK and the PRC Shareholders summarised at paragraph 8.2 of Part IV of this Document
“China” or “PRC”	People’s Republic of China (including, for the purposes of this Document only Hong Kong SAR and Macau SAR)
“China Private Equity Investment Group Limited”	a company incorporated under the laws of Hong Kong with incorporation number 1251132 and whose registered address is at 803 Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong
“Companies Act”	the Companies Act 2006 of England and Wales
“Contractual Arrangements”	the contractual relationship between the Fortel Group and GD Xinnuo summarised at paragraph 8.2 of Part IV of this Document
“CPE” or the “Company”	China Private Equity Investment Holdings Limited, a company incorporated in the BVI on 18 January 2008 with registered number 1459602
“CREST”	the relevant system (as defined in the CREST Regulations) operated by Euroclear in accordance with which securities may be held and transferred in uncertificated form
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended
“Custodian”	any custodian or any nominee of any such custodian of the deposited property as may from time to time be appointed by the Depository for the purposes of the DI Deed Poll
“Deeds of Termination”	the deeds of termination under which the 2009 Pre-IPO Subscribers terminated their 2008 Subscription Agreements dated 30 June 2009
“Depository”	Computershare Investor Services plc
“Depository Interests” or “DIs”	the depository interests in uncertificated form representing Ordinary Shares issued to a holder on the terms of the DI Deed Poll described in Part VI of this Document
“DI Deed Poll”	the first trust deed poll constituted by the Depository in respect of the DIs
“DI Holder”	the holder of a DI issued pursuant to the terms of the DI Deed Poll
“Document”	this AIM admission document
“Enlarged Issued Share Capital”	the share capital of the Company following Admission
“Euroclear”	Euroclear UK & Ireland

“Exclusive Services Agreement”	the service agreement between Fortel GZ and GD Xinnuo summarised at paragraph 8.2(a) of Part IV of this Document
“FIE”	a foreign invested enterprise incorporated under the laws of the PRC
“FSA”	the Financial Services Authority of the United Kingdom
“FSMA”	the Financial Services and Markets Act 2000 (as amended)
“Fortel” or “Fortel BVI”	Fortel Technology Holdings Limited, a company incorporated in the BVI with registered number 528497
“Fortel Acquisition Agreement”	the agreement between the Company, TMT Holdings, the Selling Fortel Shareholders and Imperia Capital through which the Company acquired a stake in Fortel BVI by the issue of 9,154,348 Ordinary Shares
“Fortel Group”	means Fortel BVI, Fortel HK and Fortel GZ
“Fortel GZ”	Fortel Network Technology (Guangzhou) Limited, a company incorporated under the laws of the PRC with its legal address at Room 302A, No. 163, Ping Yun Road, Huang Pu Xi Avenue, Tianhe District, Guangzhou, PRC
“Fortel HK”	QF Alpha (Hong Kong) Limited, a company incorporated under the laws of Hong Kong with incorporation number 1061873 and whose registered address is at Unit 4109, 41/F Jardine House, One Connaught Place, Central, Hong Kong
“Fortel Shareholders”	Leaderwise Limited, Li Yiu Keung, Peter Seng, Chau Vinh Heng, Martin Tang Yue Nien, Fan Joey, Alex Yeung San Hung, Danny Wu Wai Leung and Imperia Capital International Holdings Limited
“GC Partners”	GC Partners Limited, a company incorporated in the BVI with registered number 654131
“GD Xinnuo”	Guangdong Xinnuo Audio Visual Culture Company Limited a company incorporated under the laws of the PRC with its legal address at Room 22, Unit 3001, Guangdong Foreign Trade Mansion, No 351, Tianhe Road, Tianhe District, Guangzhov, PRC
“Greater China”	China and Taiwan
“GZ AIC”	the Administration for Industry and Commerce in Guangzhou
“Imperia Capital”	Imperia Capital International Holdings Limited
“Initial 2008 Subscribers”	those persons who have acquired Ordinary Shares under subscription agreements entered into with the Company on 21 July 2008 at a subscription price of £0.85
“Investment Committee”	a subcommittee of the Board comprising Patrick Macdougall, Duncan Chui and Hanson Cheah
“Investment Team”	Duncan Chui and Ernest Wong and any investment analysts recruited by the Company after Admission
“IPO”	Initial Public Offering
“Loan Agreement”	the loan between the PRC Shareholders and Fortel HK, summarised at paragraph 8.2(f) of Part IV of this Document
“Locked-in Shareholders”	Duncan Chui, (as a significant shareholder of Imperia Capital), Patrick Macdougall, John Croft, Chau Vinh Heng and Imperia Capital
“London Stock Exchange” or “LSE”	London Stock Exchange plc
“Memorandum”	the memorandum of association of the Company

“Net Asset Value” or “NAV”	the total assets of the Company less its total liabilities (including accrued but unpaid fees) valued in accordance with the Company’s accounting policies adopted by the Company from time to time and expressed in US dollars
“Official List”	the Official List of the UK Listing Authority
“Ordinary Shares”	ordinary shares of no par value in the Company including, for the avoidance of doubt, the Subscription Shares
“PRC Shareholders”	the shareholders of GD Xinnuo, being at the date of this Document, Chen Tianwei and Lian Xiaoling
“Pre-IPO Subscribers”	Shareholders who acquired Ordinary Shares prior to the IPO
“2009 Pre-IPO Subscribers”	those persons who acquired Ordinary Shares under the 2008 Subscription Agreements and subsequently agreed to terminate their 2008 Subscription Agreements upon the terms set out in Deeds of Termination
“2009 Pre-IPO Subscription Agreements”	the subscription agreements entered into on 30 June 2009 by the 2009 Pre-IPO Subscribers at the 2009 Pre-IPO Subscription Price
“2009 Pre-IPO Subscription Price”	£0.85 per Ordinary Share
“Prospectus Directive”	Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State
“Prospectus Rules”	the Prospectus Rules published by the FSA from time to time in accordance with section 73A of FSMA
“Registrar”	means Computershare Investor Services (BVI) Limited
“Regulatory Information Service”	a regulatory information service (as defined in the AIM Rules for Companies)
“Remaining Fortel BVI Shareholders”	Imperia Capital and shareholders of Fortel BVI who have not exchanged their holding in Fortel BVI for shares in CPE
“Renminbi” or “RMB”	the principal currency of the PRC
“SCC”	Shore Capital and Corporate Limited
“SCS” or “Shore Capital Stockbrokers”	Shore Capital Stockbrokers Limited
“SAIC”	the State Administration of Industry and Commerce in Guangzhou and Shanghai
“Selling Fortel Shareholders”	Fortel Shareholders excluding Imperia Capital
“Share Pledge Agreement”	the agreement between the PRC Shareholders and Fortel GZ summarised at paragraph 8.2(b) of Part IV of this Document
“Shareholders”	holders of Ordinary Shares
“Shore Capital”	SCC and/or SCS as the context permits
“SKIC”	Sino Katalytics Investment Corporation
“2008 Subscribers”	those persons who have acquired Ordinary Shares under the 2008 Subscription Agreements
“2009 Subscribers”	those persons who have acquired Ordinary Shares pursuant to the 2009 Subscription Agreements
“Subscription”	the allotment of 2009 Subscription Shares at the 2009 Subscription Price to the 2009 Subscribers conditional on Admission

“2008 Subscription Agreements”	the subscription agreements entered into by the 2008 Subscribers in October 2008 at the 2008 Subscription Price
“2009 Subscription Agreements”	the subscription agreements entered into by subscribers for the purposes of Admission at the 2009 Subscription Price
“2008 Subscription Price”	£1.00 per Ordinary Share
“2009 Subscription Price”	US\$1.80 per Ordinary Share
“2009 Subscription Shares”	the 2,777,778 Ordinary Shares to be issued conditionally pursuant to the Subscription
“TMT”	telecommunications, media and technology
“TMT Holdings”	CPE TMT Holdings Limited, a company incorporated in the BVI with registered number 1499685
“UK Listing Authority” or “UKLA”	the FSA acting in its capacity as the competent authority for the purpose of Part VI of the Financial Services and Markets Act 2000
“Uncertificated”	in relation to a share, a share title to which is recorded in the relevant register of the share as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by electronic means

Sources

The Economist Intelligence Unit, the Foreign and Commonwealth Office and the National Bureau for Statistics of China.

Currencies

“US\$” or “\$”	US dollars
“£”	UK pounds sterling
“HK\$” or “HK”	Hong Kong Dollars

Exchange rates

Unless otherwise stated this Document converts figures in US dollars into pounds sterling, or vice versa, at the exchange rate £1.00 equals US\$1.60.

