



China Israel Value Capital

Press Release

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**SCGC – Shenzhen Capital Group and CIVC – China Israel Value Capital,
invested around \$2.5M in Zibo Qilu Yixi Luhua Chemical Co. Ltd**

Shenzhen, China. Shenzhen Capital Group Co., (SCGC) and China Israel Value Capital (CIVC) invested around \$2.5M in Zibo Qilu Yixi Luhua Chemical Co.Ltd ("**Luhua**"), a leading producer of C5 separation products, situated in Zibo, Shandong Province, China.

Luhua, is a leading producer of Isoprene, C5 Resins, derivatives of crude oil, which is used in the rubber, adhesive, coating, printing, and paper industries. In 2007, the company led by Guo Qiang, acquired a TBA separation facility and became the number one TBA producer in Asia; TBA is mainly used in the pharmaceutical and pesticide industries. With additional expansions the company has expanded its product line with many more products, and more than doubled the C5 separation capacity.

Jin Haitao – Chairman of SCGC and a General Partner of CIVC stated: "We believe that the Luhua investment is a great opportunity for SCGC and CIVC. The Chemical industry in general, and Resins and Isoprene which are important raw materials for China's Industry, are considered a high priority industry and important assets for China's economy.

Yigal Livne – General Partner in CIVC, said: "The Company has shown an impressive growth of about 75% annually, between 2008 and 2007 and the year before with sales exceeding USD110M. This is an outstanding high growth rate for this industry and we expect that despite the economic slow down, the company will sustain this growth momentum in 2009 following a significant increase in capacity at the end of 2008. In the last few years the Company diversified its offering, adding new product lines in Coal derivatives and in downstream applications. Luhua is planning to list its shares in an IPO in the Shenzhen stock exchange, when market sentiments to new offerings change; this is forecasted to occur earlier in China, than in other parts of the world".

About CIVC Private Equity Fund - <http://www.civcfund.com/>

CIVC PE Fund is a China-based Private Equity Fund headquartered in Shenzhen, with 16 regional offices in China and one in Herzeliya, Israel. It enhances the value of the invested Chinese companies by joining ventures with proven Israeli technologies.

CIVC - China Israel Value Capital

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CIVC

China Israel Value Capital

CIVC PE Fund invests in well managed mature Chinese companies in rapidly growing markets. CIVC leverage its partners' vast experience and track record of international investments to grow local companies into global leaders. CIVC invests mainly in the: Communications/IT, Consumer Electronics, Life Science and Clean Tech sectors.

About SCGC Fund - http://www.szvc.com.cn/english/eng_coporate.asp

Shenzhen Capital Group Co., Ltd. (SCGC) is the leading VC fund at the forefront of China's venture capital industry since its inception in 1999. Its leadership position is maintained by strong financial backing, excellent management team, proven business performance, unsurpassed local knowledge, and a venerable reputation within the government and the VC community. SCGC provides value-added service across the spectrum of venture capital and private equity in China. SCGC received in the 2008 ranking of Zero2IPO: No 1 VC; No1 in Exits; No 1 Active VC; Chairman Jin received No 1 Venture Capitalist.

About Luhua Chemical Co - <http://www.luhuachem.com>

Based in Zibo, Shandong Province China, Luhua Chemical Co ("Luhua") is a leading producer of C5 separation products, derivatives of crude oil, which are used in the rubber, adhesive, coating, printing, and paper industries. Luhua specializes in the following 4 groups of products: Petroleum Resin; Polymer Grade Isoprene; Dicyclopentadiene (DCPD); and Tert-Butylamine (TBA) of which Luhua is the largest producer in Asia.

China is one of the five key synthetic resin consumption countries in the world. Since 2007, C5 downstream products demand has increased rapidly, and the production of synthetic resin has been on a steady ascending trend.

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