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If you have sold or transferred all your securities in Unity Investments Holdings Limited 合一投資控股有限公司, you should at once hand this circular to the purchaser or to the transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or to the transferee.

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Unity Investments Holdings Limited 合一投資控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 913)

PLACING OF NEW SHARES, REFRESHMENT OF 10% GENERAL LIMIT ON THE GRANT OF OPTIONS UNDER ALL SHARE OPTION SCHEMES AND RENEWAL OF GENERAL MANDATE

Placing Agent



h e n n a b u n

Chung Nam Securities Limited

Independent Financial Adviser



**Galileo Capital Limited
嘉利盈融資有限公司**

A notice convening an extraordinary general meeting of Unity Investments Holdings Limited 合一投資控股有限公司 to be held at 30th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong on Thursday, 26 January 2006 at 9:00 a.m. is set out on pages 33 to 36 of this circular. Whether or not you are able to attend the meeting in person, please complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of the Company in Hong Kong, Tengis Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, as soon as practicable and in any event not later than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjourned meeting should you so wish.

10 January 2006

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DEFINITIONS

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

“associate”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (excluding Saturday or Sunday) on which commercial banks are generally open for normal banking business in Hong Kong
“Company”	Unity Investments Holdings Limited 合一投資控股有限公司, a company incorporated in the Cayman Islands with limited liability and the Shares are listed on the Main Board of the Stock Exchange
“Director(s)”	director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened to approve, amongst other things, the Placing Agreement, the issue of the Placing Shares and the Proposals
“General Mandate”	the general mandate given to the Directors to allot and issue Shares at the annual general meeting of the Company on 25 April 2005
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Financial Adviser”	Galileo Capital Limited, a licensed corporation under the SFO and engaged in type 6 (advising on corporate finance) regulated activity, and the independent financial adviser to the Independent Board Committee and the Independent Shareholders on the Placing and the renewal of the General Mandate
“Last Trading Date”	1 December 2005, being the last trading day for the Shares prior to the announcement of the Placing by the Company on 7 December 2005

DEFINITIONS

“Latest Practicable Date”	5 January 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placing”	the placing of Placing Shares pursuant to the terms of the Placing Agreement
“Placing Agent”	Chung Nam Securities Limited, a corporation licensed by the Securities and Future Commission of Hong Kong to conduct type 1 (dealing in securities) regulated activity, under the SFO
“Placing Agreement”	the placing agreement dated 1 December 2005 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.14 per Placing Share
“Placing Shares”	an aggregate of up to 250,000,000 Shares to be placed pursuant to the terms of the Placing Agreement
“Proposals”	the proposals to (i) refresh the 10% general limit on the grant of options under all share option schemes of the Company; and (ii) renew the General Mandate
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.1 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Share Option Scheme”	the share option scheme adopted by the Company on 2 May 2003
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD



Unity Investments Holdings Limited 合一投資控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 913)

Executive Directors:

Au Shuk Yee, Sue
Kitchell, Osman Bin
Pang Shuen Wai, Nichols

Independent Non-executive Directors:

Lam Ping Cheung
Chung Kong Fei, Stephen
Tsang Wing Ki

Registered office:

Century Yard
Cricket Square
Hutchins Drive
P.O. Box 2681GT
George Town
Grand Cayman
British West Indies

Principal place of business

in Hong Kong:

30th Floor, China United Center
28 Marble Road
North Point
Hong Kong

10 January 2006

To the Shareholders

Dear Sir or Madam,

**PLACING OF NEW SHARES,
REFRESHMENT OF 10% GENERAL LIMIT ON THE GRANT OF OPTIONS UNDER
ALL SHARE OPTION SCHEMES
AND
RENEWAL OF GENERAL MANDATE**

INTRODUCTION

On 7 December 2005, the Board announced that the Company and the Placing Agent entered into the Placing Agreement, pursuant to which, the Company has agreed to place, through the Placing Agent on a best-effort basis, 250,000,000 Placing Shares at the Placing Price of HK\$0.14 per Placing Share.

The Board also intends to put forward to the Shareholders the Proposals which consist of (i) a refreshment of the 10% general limit on the grant of options under all share option schemes of the Company; and (ii) renewal of the General Mandate.

The purpose of this circular is to provide the Shareholders with further information in relation to the Placing and the Proposals. A notice of the EGM is set out on pages 33 to 36 of this circular.

LETTER FROM THE BOARD

I. THE PLACING AGREEMENT

Date

1 December 2005

Issuer

Unity Investments Holdings Limited

Placing Agent

The Placing Agent has conditionally agreed with the Company to place, on a best-effort basis, to not fewer than six independent individual, corporate and/or institutional placees for the Placing Shares. The Placing Agent will receive a placing commission of 2% on the gross proceeds of the placing of the Placing Shares, which was arrived at after arm's length negotiations between the Company and the Placing Agent.

To the best of the Director's knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company save that the Company indirectly holds approximately 3.88% of the Placing Agent. The Placing Agent is not a shareholder of the Company and thus would not vote at the EGM.

Placees

No fewer than six Placees which will be independent individual, corporate and/or institutional investors, and who and whose ultimate beneficial owners will not be connected person(s) of the Company and will be third parties independent of and not connected with the Company, connected persons of the Company and any of the Directors, chief executive or substantial shareholder(s) (as defined in the Listing Rules) of the Company or any of its subsidiaries or their respective associates. No Placees will become substantial shareholders (as defined in the Listing Rules) of the Company as a result of the Placing. Should the Placees be identified and became Shareholders before the EGM, they will abstain from voting.

Placing Shares

The New Shares represent (i) approximately 34.37% of the existing issued share capital of the Company of 727,291,163 Shares as at the date of this circular; and (ii) about 25.58% of the issued share capital of the Company of 977,291,163 Shares as enlarged by the Placing.

The Placing Shares will rank, upon issue, pari passu in all respect with the Shares in issue on the date of allotment and issue of the Placing Shares.

LETTER FROM THE BOARD

Placing Price

The Placing Price of HK\$0.14 represents (i) a discount of approximately 5.41% to the closing price of HK\$0.148 per Share as quoted on the Stock Exchange on the Last Trading Date; (ii) a discount of about 10.71% over the average closing price per Share of about HK\$0.1568 as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Date. The net price per Share is HK\$0.136; and (iii) a discount of about 33.33% to the unaudited net asset value per Share of HK\$0.21 as at 30 November 2005.

The Placing Price was negotiated on an arm's length basis between the Company and the Placing Agent with reference to the recent trading price of the Shares. Given the existing market conditions in Hong Kong and the interest rate environment, the Board considers that the timing of the Placing is appropriate. The Board also considers that the terms of the Placing Agreement (including the Placing Price and the Placing Commission which were determined at the prevailing market rate) are fair and reasonable and in the interest of the Company and its Shareholders as a whole. Through the Placing, the Company can broaden its capital and shareholder basis without any interest burden.

Conditions precedent of the Placing Agreement

The Placing is conditional upon the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Placing Shares, the Company obtaining all consents and approvals from the relevant authorities in respect of the transactions contemplated under the Placing Agreement, if applicable and the approval by the Independent Shareholders at the EGM. The Directors confirm that to the best of their knowledge, information and belief, no Shareholder would have an interest in the Placing that is different from those of the others.

If the above conditions precedent of the Placing Agreement are not fulfilled on or prior to 28 February 2006, the Placing Agreement shall terminate and neither of the parties thereto shall have any claim against the other for costs, damages, compensation or otherwise save as provided in the Placing Agreement. In case the Placing Agreement is terminated, a further announcement will be issued by the Company.

Completion of the Placing

Completion of the Placing Agreement is expected to take place on or before the fourth Business Day upon the fulfillment of the conditions precedent of the Placing Agreement or such other time or date as the Company and the Placing Agent shall agree in writing.

Specific mandate

The Placing Shares will be issued under the specific mandate to allot, issue and deal with Shares to be approved by the Shareholders at the EGM and granted to the Board.

LETTER FROM THE BOARD

Use of net proceeds

The net proceeds from the Placing will be approximately HK\$34.0 million. Depending on market conditions and availability of investment opportunities, the Board intends to apply approximately HK\$18 million to the repayment of the margin loan with securities houses which were borrowed for investment purpose and the balance in the amount of approximately HK\$16 million for investment and working capital. Under normal circumstances, the Company uses its working capital to satisfy the daily financial obligations and operations whilst the proceeds for investment purpose are used to invest for the purpose of making capital appreciation and earning dividend income. Tentatively, most of proceeds in the amount of HK\$16 million will be utilized for investment purpose. After the repayment of the HK\$18 million margin loan, the Company would have no material debt outstanding as at the date of this circular except short-term loans in the aggregate amount of approximately HK\$20 million which were incurred in December 2005.

Reasons for the Placing

The timing and the size of the Placing were determined after arm's length negotiation between the Board and the Placing Agent taking into account the then prevailing stock markets and economic conditions in Hong Kong and the PRC. The Board believes that the terms of the Placing are fair and reasonable and the Placing is in the interests of the Company and the Shareholders.

Part of the Placing proceeds in the approximate amount of HK\$18 million will be utilized by the Company to repay the margin loans in anticipation of a further increase in the interest rate. The Board considers that it is in the interests of the Company and the Shareholders as a whole for the Company to apply part of the Placing proceeds to repay the margin loans so as to reduce the interest cost to the Company.

The balance of the Placing proceeds in the approximate amount of HK\$16 million will be utilized by the Company for future investment and/or working capital purposes. Under normal circumstances, the Company uses its working capital to satisfy the daily financial obligations and operations whilst the proceeds for investment purpose are used to invest for the purpose of making capital appreciation and earning dividend income. Tentatively, most of proceeds in the amount of HK\$16 million will be utilized for investment purpose. To enable the Company to seize each of the appropriate investment opportunities once it arises or is identified, it is crucial for the Company to have a sufficient immediate fund pool to invest since the prices of the investment target could fluctuate greatly within a short period of time. As at the date of this circular, the Board has not yet identified any specific investment target(s). Should it fail to identify the relevant investment upon completion of the Placing, such Placing proceeds would be deposited by the Company with commercial banks and/or financial institutions generating additional cash flow for the Company.

In the event the application of the Placing proceeds by the Company deviates from the information stated in this circular, the Board will make a further announcement to inform the Shareholders. The Board may consider further opportunities for fund raising in the future should the terms and conditions be beneficial to the Company and the Shareholders as a whole, e.g. when favourable borrowing interest rates are offered to the Company.

LETTER FROM THE BOARD

The Company is an investment company listed under Chapter 21 of the Listing Rules and investing in securities constitutes its ordinary course of business. The Company's investment objective is to achieve earnings in the form of short- to medium-term capital appreciation as well as income from dividends and interest with a diversified portfolio. Its investment strategy has been and will continue to target under-valued, mid and small-cap companies with quality management and good business prospects in different sectors with varied risk profiles. The Company's investment portfolio covers the gaming sector, manufacturing sector, property holdings, investment companies and infrastructure sector in line with its investment objective and strategy. As the Directors remain positive over the medium- and long-term growth prospects of its investments and are of the opinion that the possible re-rating of the Company's investments can eventually set off the short-term depreciation of the investment value, it has been the Company's financing strategy to finance the Company's investment activities by both equity-financing and debt-financing, instead of making unscheduled disposal of assets.

It has always been the Board's preference to use equity financing over debt financing to fund its investments as the former could broaden the shareholder base of the Company without creating any interest cost on the Company. The Directors confirm that efforts have been made by the Company in approaching potential underwriters for a possible rights issue or open issue exercises recently. However, no agreement has been reached so far. Given the Company's relatively small market capitalization and thin liquidity of the Shares and the fact that the rights issue conducted by the Company in October 2005 was under-subscribed by 21.38% of the total rights shares, the Company has been unsuccessful to procure an underwriter for any proposed rights issue or open offer whether or not on a fully-underwritten basis. Besides, given the limited size of the Company's investment funds and nature of the Company's business, the Company has encountered difficulties in obtaining banking facilities with favourable terms and reasonable interest rates. As at the date of this circular, the Company was indebted to securities houses for margin loans of approximately HK\$18 million at an average interest rate of prime rate plus 2.5% to 3%. To fund its investments in 2004, the Group has registered a year-on-year 46.18% increase in finance costs to HK\$1,178,991 for the financial year ended 31 December 2004.

Before the Company decided to use debt-financing to fund its investments, it has assessed the target companies' prospects, management, asset base and income streams and had to be satisfied that the expected rate of return would exceed the costs of fund. Unfortunately, due to the outbreak of SARs, the overall Hong Kong stock market was adversely affected in 2003 and the Company recorded a loss of approximately HK\$25.4 million in that year. In 2004, the loss of the Company was substantially reduced to HK\$16.4 million and was attributable to the then prevailing volatile market condition. Besides, the unexpected surge in fuel and materials costs during 2005 has substantially eroded the profits of some of the target companies that are in the manufacturing and infrastructure sectors. As a result, the Company has recorded a loss on the disposal of its investments. The Board believes that given these macro conditions, it has exercised due care in its investment decisions, the use of debt financing and switching debt financing to equity financing when the opportunity arises.

LETTER FROM THE BOARD

When adopting equity-financing approach, the Directors have considered different issues including, but not limited to, the possible dilution effect on the Company's NAV. As noted in the Company's previous annual reports, the Company has been investing in a limited number of companies. While share price performances of these companies have been volatile, the Company remains positive over their medium and long-term growth prospects. Investment value of these companies will rise when the market becomes aware of their underlying values, of which the appreciation in investment value would be large enough to set off the short-term depreciation in the NAV even though the issue price of shares is offered at a discount to the market price and the NAV. The unfavourable financial results of the Company suggest that the market did not fully reflect all factors considered by the Company relating to the value of the investee companies when making the investment decisions. The Company has been adopting the abovementioned investment and financing strategies and would not change its strategies in the near future. Unless other opportunities arise, the Company will continue to invest in undervalued stocks/companies with substantial growth potentials. The Directors currently do not have preference over specific industries and sectors. Given the fact that most undervalued stocks/companies are of small to medium sizes and prices of their shares are relatively volatile, the Directors will exercise due care when making new investments.

After repaying the margin loans from the securities institutions, the Company will have approximately HK\$16 million for investments which should be sufficient for short-term investment. Although the Company currently does not have concrete plans to procure new loan or issue new equity securities within a short period of time, the Directors may propose new issues for shareholders' approval if attractive investment opportunities arise.

LETTER FROM THE BOARD

Effect on shareholding structure

The shareholding structures of the Company before and after the Placing are set out as below:

	Existing shareholding structure of the Company prior to completion of the Placing		Shareholding structure of the Company immediately after completion of the Placing	
	Number of Shares held	% of issued Shares held (approximately)	Number of Shares held	% of issued Shares held (approximately)
Placees	0	0	250,000,000	25.58
Radford Capital Investment Limited (notes 1 & 4)	103,930,000	14.29	103,930,000	10.63
Wong Man Hon Frederick (note 4)	86,910,000	11.95	86,910,000	8.89
Heritage International Holdings Limited (notes 2 & 4)	68,000,000	9.35	68,000,000	6.96
Other public shareholders	468,451,163	64.41	468,451,163	47.94
Total (note 3)	<u>727,291,163</u>	<u>100</u>	<u>977,291,163</u>	<u>100</u>

Notes:

1. Radford Capital Investment Limited is interested in the share capital of the Company indirectly through its wholly-owned subsidiary, Winning Horsee Limited.
2. Heritage International Holdings Limited is interested in the share capital of the Company indirectly through its wholly-owned subsidiary, Coupeville Limited, and its indirect wholly-owned subsidiary, Dollar Group Limited, a direct wholly-owned subsidiary of Coupeville Limited.
3. To the best of the Director's knowledge, information and belief, no person or persons who are acting as a group entitled to exercise or control the exercise of 30% or more of the voting power at the general meeting of the Company or who is/are in a position to control the composition of the majority of the Board.
4. To the best of the Director's knowledge, information and belief, each of Radford Capital Investment Limited, Heritage International Holdings Limited and Wong Man Hon Frederick is independent of each other.

LETTER FROM THE BOARD

Fund raising activity of the Company in the 12 months immediately preceding the date of this circular

Description	Announcement date	Net amount raised	Date of general mandates granted	Intended use of proceeds as announced	Actual use of proceeds
Placing of shares of the Company	10 January 2005	HK\$2.18 million	30 April 2004	Used as the Group's general working capital	Fully utilized as intended
Placing of shares of the Company	20 May 2005	HK\$3.44 million	25 April 2005	Repayment of outstanding interest-bearing borrowings (<i>note 1</i>) and general working capital	Fully utilized by applying HK\$3 million to repay short-term working capital loan from financial institutions with an interest rate of 12% p.a., and HK\$0.44 million as administrative expenses
Placing of Convertible Notes	20 May 2005	HK\$19.6 million	N/A (<i>note 3</i>)	Approximately HK\$18 million to repay the outstanding interest-bearing borrowings (<i>note 1</i>) and the balance as general working capital	Fully utilized by applying approximately HK\$18.7 million to repay short-term working capital loan from financial institutions with an average interest rate of 8% p.a. and approximately HK\$0.9 million as working capital
Rights Issue	26 July 2005	HK\$50.3 million	N/A (<i>note 3</i>)	Approximately HK\$5 million used as the Group's working capital and HK\$45.3 million for the possible investments	Fully utilized by applying approximately HK\$6.5 million to repay short-term working capital loan from financial institutions with an average interest rate of 8% p.a.; approximately HK\$42.5 million to purchase equity (<i>note 2</i>) issued by companies listed on the Stock Exchange; and approximately HK\$1.3 million to settle professional fees accrued

Notes:

- The borrowings were for investment purposes.
- Out of the approximately HK\$42.5 million, as to approximately HK\$11.4 million (representing approximately 26.83%) was invested in companies in the manufacturing sector; as to approximately HK\$2.1 million (representing approximately 4.96%) was invested in companies in the infrastructure sector; as to approximately HK\$10.5 million (representing approximately 24.58%) was invested in companies in the financial services sector; as to approximately HK\$8.4 million (representing approximately 19.79%) was invested in securities investment companies; as to approximately HK\$7.4 million (representing approximately 17.45%) was invested in property investments companies; as to approximately HK\$2.7 million (representing approximately 6.39%) was invested in companies in the trading sector.
- Shares under the placing of convertible notes and the rights issue were issued pursuant to specific mandates granted by the Shareholders on 30 June 2005 and 7 October 2005 respectively.

LETTER FROM THE BOARD

As shown in the above table, most of the funds raised by the Company in the past 12 months were used for investment purpose. As at 31 December 2004, the Company only had investment interests in thirteen items. With the funds raised through the placings of new shares, issue of convertible notes and rights issue, the Company managed to enhance its investment portfolio. Currently, there are more than twenty investee companies in the Company's portfolio, covering a wide range of industries and sectors, including, but not limited to, securities investment companies and companies engaged in the businesses of infrastructure, trading, information technologies, media, energy, and etc. Among the investments of the Company is a Hong Kong public utilities company, the market value of which represents no less than 5% of the Company's portfolio of listed equities. Additionally, the Company also invested in fixed rate convertible notes, representing approximately 4.2% of the market value of the Company's listed securities portfolio, generating recurrent cashflow to the Group. Such moves of the Company to extend its portfolio to include the Hong Kong utilities sector and debt securities are part of the Company's strategy to diversify its investment base. Given that nature of the structure of the Company's portfolio is of price-sensitive, the Company will make proper disclosure under Rule 21.12 of the Listing Rules in its annual report.

The Company has established an independent board committee (which consists only of independent non-executive Directors) to advise Shareholders as to whether the Placing is fair and reasonable and is in the interests of the Company and the Shareholders as a whole. The Company has also appointed an independent financial adviser to make recommendations to the Independent Board Committee and the Shareholders as to whether the Placing is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

II. REFRESHMENT OF THE 10% GENERAL LIMIT ON THE GRANT OF OPTIONS UNDER ALL SHARE OPTION SCHEMES

Up to the date of this circular, the Company had granted options pursuant to the Share Option Scheme for subscription of a total of 39,900,000 Shares (representing approximately 9.98% of the issued share capital of the Company of 399,998,005 Shares as at 1 April 2005, being the date of the extraordinary general meeting of the Company at which the scheme limit was refreshed). Up to the date of this circular, all of the options so granted had been exercised by the relevant grantees in accordance with the terms of the Share Option Scheme. Accordingly, no options remained outstanding as at the date of this circular.

Under the existing scheme mandate limit, the Directors were only authorised to grant options to subscribe for up to 39,999,800 Shares, representing 10% of the issued share capital of the Company as at the date of the extraordinary general meeting of the Company at which the scheme limit was refreshed. As mentioned above, the said 10% limit granted under the Share Option Scheme has been substantially utilized. As such, the Share Option Scheme cannot serve its original purpose to enable the Group to recruit and retain high calibre employees and to motivate and give incentives to eligible participants to continue to contribute to the operation of the Group.

LETTER FROM THE BOARD

The Board therefore proposes that subject to the approval of the Shareholders at the EGM, the existing 10% limit to grant options under the Share Option Scheme be refreshed so that the total number of Shares to be allotted and issued pursuant to the grant or exercise of any options under the Share Option Scheme and any other schemes of the Company shall not exceed 10% of the Shares in issue on the date of passing of the relevant resolution at the EGM. For such purpose, options previously granted under the Share Option Scheme and any other share option schemes of the Company (including those outstanding, cancelled, lapsed in accordance with such scheme(s) or exercised options) will not be counted for the purpose of calculating the limit as refreshed. As such, the Board is of the opinion that the proposed refreshment of the scheme mandate limit is in the interests of the Company and the Shareholders as a whole.

As at the date of this circular, there are 727,291,163 Shares in issue. Assuming that no further Shares will be issued or repurchased prior to the date of approving the refreshed limit by the Shareholders, the maximum number of options that can be granted by the Company under the refreshed limit would be 72,729,116 Shares representing 10% of the Shares in issue as at the date of the EGM.

Pursuant to the Listing Rules, the Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme(s) of the Company at any time must not exceed 30% of the Shares in issue from time to time. Upon the refreshment of the scheme mandate limit, the Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme of the Company would not exceed 30% of the Shares in issue. As at the date of this circular, there are no Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme.

Conditions

The adoption of the refreshed limit is conditional upon (a) the Shareholders' approval at the EGM; and (b) the Stock Exchange granting approval for the listing of and permission to deal in the Shares to be issued pursuant to the exercise of any options granted under the refreshed limit. The Directors confirm that to the best of their knowledge, information and belief, no Shareholder would have an interest in the proposal to refresh the scheme mandate limit that is different from those of the others.

Application will be made to the Listing Committee of the Stock Exchange for obtaining the approval mentioned in paragraph (b) above.

LETTER FROM THE BOARD

III. RENEWAL OF GENERAL MANDATE

Introduction

The Board proposes to renew the General Mandate to issue and allot up to 20% of the issued share capital of the Company as at the date of passing of the relevant resolution. As at the date of this circular, there are 727,291,163 Shares in issue. Assuming that no further Shares will be issued or repurchased prior to the date of the EGM, the maximum number of Shares that can be issued by the Company under the renewed general mandate would be 145,458,232 Shares representing 20% of the Shares in issue as at the date of the EGM.

At the 2005 annual general meeting of the Company held on 25 April 2005, a general mandate was granted to the Directors to issue and allot up to 20% of the issued share capital of the Company as at 25 April 2005. As at the date of this circular, the Company has allotted and issued 87,978,000 Shares pursuant to the General Mandate, representing approximately 19.99% of the issued share capital of the Company as at the date of passing the relevant resolution. As such, the Company is not able to make use of the general mandate to issue and allot new shares to raise additional funds on a timely and cost effective manner when investment opportunities are identified until the next annual general meeting to be held in around May 2006. Besides, equity financing is interest and security free by nature, and a bigger and wider spread of capital base may also enhance the liquidity of the Shares. In view of the length of time between the Placing and the next annual general meeting, the Board cannot preclude the possibilities that the Company will or will not issue any new Shares to raise further equity capital. As such, the Directors believe that a renewal of the General Mandate will enable the Company to take advantage of the market condition to raise additional funds for the Company when investment opportunities are identified and when the Directors think fit and appropriate. The Directors consider that investment opportunities providing tremendous capital appreciation potential may require timely and prompt responses. The absence of general mandate will put the Company in a disadvantage position when competing for this class of investment opportunities. The Directors have also considered the dilution effect on shareholders' interest by the renewal of the general mandate and future equity fund raising and are of the view that investment value of these companies will rise when the market becomes aware of their underlying values and the appreciation in investment value would be large enough to compensate the NAV dilution and the dilution effect on the shareholders' interest. As such, the Board thinks that the proposed renewal of the General Mandate is in the interests of the Company and the Shareholders as a whole.

Condition

The proposal to renew the General Mandate is subject to the approval by the Shareholders by way of an ordinary resolution at the EGM. The votes will be taken on a poll. According to Rule 13.36(4) of the Listing Rules, controlling shareholders and their associates or, where there are no controlling shareholders, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour. To the best of the Director's knowledge, information and belief, no

LETTER FROM THE BOARD

shareholder or shareholders acting as a group is entitled to exercise or control the exercise of 30% or more of the voting power at the general meeting of the Company or who is or are in a position to control the composition of the majority of the Board. The Directors confirm that each of them, the chief executive of the Company and their respective associates has no interest in the share capital of the Company. As such, the Directors confirm that no Shareholder is required to abstain from voting in respect of the proposal regarding refreshment of general mandate under Rule 13.36(4). The Directors further confirm that to the best of their knowledge, information and belief, no Shareholder would have an interest in the proposal to renew the General Mandate that is different from those of the others. The Company has established an independent board committee (which consists only of independent non-executive Directors) to advise Shareholders as to whether the proposal to renew the General Mandate is fair and reasonable and is in the interests of the Company and the Shareholders as a whole. The Company has also appointed an independent financial adviser to make recommendations to the Independent Board Committee and the Shareholders as to whether the proposal to renew the General Mandate is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

The Placing Shares will be excluded for the purpose of calculating the number of Shares to be issued pursuant to the refreshment of scheme mandate limit and the renewal of the general mandate.

As at the date of this circular, the Company does not have any concrete plan to raise further fund in the capital market.

IV. GENERAL

The Group is an investment holding company listed on the Main Board of the Stock Exchange pursuant to Chapter 21 of the Listing Rules and is principally engaged in investment in listed and unlisted companies in Hong Kong and in the PRC.

The Directors consider that the terms of the Placing Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

According to Rule 13.36(4) of the Listing Rules, controlling shareholders and their associates or, where there are no controlling shareholders, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the proposal to renew the General Mandate. To the best of the Director's knowledge, information and belief, no shareholder or shareholders acting as a group is entitled to exercise or control the exercise of 30% or more of the voting power at the general meeting of the Company or who is or are in a position to control the composition of the majority of the Board. The Directors confirm that each of them, the chief executive of the Company and their respective associates has no interest in the share capital of the Company. As such, the Directors confirm that no Shareholder is required to abstain from voting in respect of the proposal regarding refreshment of general mandate under Rule 13.36(4) of the Listing Rules. The Directors further confirm that to the best of their knowledge, information and belief, no Shareholder would have an interest in the Placing and the Proposals that is different from those of the others.

LETTER FROM THE BOARD

Under the Listing Rules, the Company shall (i) establish an independent board committee to advise the Shareholders on the matters in relation to the proposed renewal of the General Mandate; and (ii) appoint an independent financial adviser to advise the independent board committee and the Shareholders in this regard.

An Independent Board Committee, comprising Mr. Lam Ping Cheung, Mr. Chung Kong Fei, Stephen and Mr. Tsang Wing Ki, being the independent non-executive Directors, has been formed to consider the Placing and the proposed renewal of General Mandate. Galileo Capital Limited has been appointed to advise the Independent Board Committee and the Shareholders in this regard. Any votes to approve the proposal to renew the General Mandate will be taken on a poll.

V. EXTRAORDINARY GENERAL MEETING

A notice of the EGM to be held at 30th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong at 9:00 a.m. on Thursday, 26 January 2006 is set out on pages 33 to 36 of this circular at which ordinary resolutions will be proposed at the meeting to approve the Placing, the issue and allotment of the Placing Shares and the Proposals.

A form of proxy for use at the EGM is also enclosed with this circular. Whether or not you are able to attend the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar of the Company in Hong Kong, Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, as soon as possible, and in any event not less than 48 hours before the time appointed for holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the EGM or any adjournment thereof if they so wish.

Pursuant to Article 100 of the articles of association of the Company, at any general meeting, a resolution put to the vote of the meeting will 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 duly demanded. A poll may be demanded by:

- (i) the chairman of the meeting; or
- (ii) at least five members present in person or by proxy and entitled to vote; or
- (iii) any member or members present in person or by proxy and representing in the aggregate not less than one-tenth of the total voting rights of all members having the right to attend and vote at the meeting; or
- (iv) any member or members present in person or by proxy and holding Shares conferring a right to vote at the meeting on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sum paid up on all Shares conferring that right.

LETTER FROM THE BOARD

VI. RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee as set out on pages 17 to 18 of this circular which contains its recommendation to the Shareholders on the terms of the placing and the proposed renewal of the General Mandate. Your attention is also drawn to the letter of advice from the Independent Financial Adviser as set out on pages 19 to 32 of this circular, which contains its advice to the Independent Board Committee and the Shareholders in relation to the terms of the placing and the proposed renewal of the General Mandate.

The Board considers that the proposed ordinary resolutions for approval of the Placing Agreement; a refreshment of the 10% general limit on grant of options under all share option schemes of the Company and the renewal of the General Mandate are in the best interests of the Company and Shareholders as a whole, and accordingly, recommend all Shareholders to vote in favour of all resolutions to be proposed at the EGM.

VII. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with respect to the Company. The information contained herein relating to the Company has been supplied by the Directors, who collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts not contained in this circular the omission of which would make any statement herein misleading insofar as it relates to the Company.

Yours faithfully

For and on behalf of

UNITY INVESTMENTS HOLDINGS LIMITED

合一投資控股有限公司

Pang Shuen Wai, Nichols

Chairman



Unity Investments Holdings Limited
合一投資控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 913)

10 January 2006

To the Shareholders

Dear Sir or Madam,

PLACING OF NEW SHARES
AND
RENEWAL OF GENERAL MANDATE

We refer to the circular of the Company dated 10 January 2006 (the “Circular”) to the Shareholders, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

We have been appointed by the Board as members to constitute an independent board committee and to advise Shareholders in respect of the Placing and the new general mandate to the Board to exercise the power of the Company to allot and issue Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the EGM (the “**New 20% General Mandate**”).

Galileo Capital Limited has been appointed to advise the independent board committee and the Shareholders as to whether the Placing and the New 20% General Mandate are fair and reasonable as far as the Shareholders are concerned and whether they are in the interests of the Company and the Shareholders as a whole. Details of its advice, together with the principal factors and reasons taken into consideration in arriving at such advice, are set out on pages 19 to 32 of the Circular.

Your attention is also drawn to the letter from the Board set out on pages 3 to 16 of the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the terms of the Placing and the New 20% General Mandate and the advice of Galileo Capital Limited, we are of the opinion that the terms of Placing and the New 20% General Mandate are fair and reasonable so far as the Shareholders are concerned and that the Placing and the grant of the New 20% General Mandate are in the interests of the Company and its Shareholders as a whole. Accordingly, we recommend the Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Placing and the grant of the New 20% General Mandate.

Yours faithfully,

For and on behalf of

The Independent Board Committee

Lam Ping Cheung

Chung Kong Fei, Stephen

Tsang Wing Ki

Independent non-executive Directors

LETTER FROM GALILEO CAPITAL

The following is the full text of the letter from Galileo Capital Limited (“Galileo Capital”) setting out its advice to the Independent Board Committee in relation to the Placing Agreement and for the inclusion in this document.



Galileo Capital Limited
嘉利盈融資有限公司

GALILEO CAPITAL LIMITED
19/F., Club Lusitano,
16 Ice House Street,
Central, Hong Kong.

10 January 2006

The Independent Board Committee and the Independent Shareholders

UNITY INVESTMENTS HOLDINGS LIMITED

30th Floor, China United Center

28 Marble Road

North Point

Hong Kong

Dear Sirs,

PLACING OF NEW SHARES AND RENEWAL OF GENERAL MANDATE

INTRODUCTION

We refer to the circular dated 10 January 2006 (the “Circular”) issued by the Company to the Shareholders of which this letter forms part and we also refer to our appointment as independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Placing Agreement, details of which are set out in the Circular. Capitalized terms used in this letter shall have the same meanings ascribed to them in the Circular of which this letter forms part unless the context otherwise requires.

On 1 December 2005, the Company entered into the Placing Agreement with the Placing Agent in relation to the placing of the Placing Shares. Pursuant to the Placing Agreement, the Company has conditionally agreed to place, through the Placing Agent on a best effort basis, 250,000,000 Placing Shares at the Placing Price of HK\$0.14 per Placing Shares. The net proceeds from the Placing will be approximately HK\$34 million. The Company intends to apply approximately HK\$18 million towards repayment of the margin loan with securities houses and the balance in the amount of approximately HK\$16 million for investment and working capital. The Placing is conditional upon the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Placing Shares and the Company obtaining all consents and approvals from the relevant authorities in respect of the transactions contemplated under the Placing Agreement.

LETTER FROM GALILEO CAPITAL

We have been appointed by the Company to advise the Independent Board Committee and the independent Shareholders on the fairness and reasonableness of the terms of the Placing Agreement, and whether the Placing Agreement and renewal of General Mandate are in the interests of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, the Board also confirmed that all Directors and chief executives of the Company and their respective associates did not hold any Shares as at the Latest Practicable Date.

The Independent Board Committee, comprising all the independent non-executive Directors, has been established to consider the terms of the Placing Agreement and to advise the independent Shareholders on whether the terms of the Placing Agreement and the renewal of General Mandate are fair and reasonable.

BASIS OF OPINION

In formulating our opinion, we have relied to a considerable extent on the information, statements, opinion and representations supplied to us by the Group. We have assumed that all such information, statements, opinions and representations contained or referred to in the Circular were true and accurate and complete at the time they were made and continue to be true, accurate and complete at the date of the Circular, and we have relied on the same. We have also assumed that all statements of belief, opinion and intention of the Board as set out in the Letter were reasonably made after due and careful inquiry. We have also sought and obtained confirmation from the Company that no material facts have been omitted from the information provided and referred to in the Circular.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in this document misleading. We consider that we have been provided with, and we have reviewed, all currently available information and documents which are available under present circumstances to enable us to reach an informed view regarding the terms of the Placing Agreement and to justify reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis of our opinion. We have no reason to suspect that any material facts or information have been omitted or withheld from the information supplied or opinions expressed in the Circular nor to doubt the truth and accuracy of the information and facts, or the reasonableness of the opinions expressed by the Company and the Board which have been provided to us. We have not, however, carried out any independent verification on the information provided to us by the Board, nor have we conducted an independent in-depth investigation into the business and affairs of the Group.

LETTER FROM GALILEO CAPITAL

PRINCIPAL FACTORS AND REASONS CONSIDERED

I. Placing Agreement

In arriving at our recommendation in relation to the terms of the Placing Agreement, we have considered the followings:

1. Background and Reasons for the Placing Agreement

On 1 December 2005, the Company entered into the Placing Agreement with the Placing Agent in relating to the placing of the Placing Shares. Pursuant to the Placing Agreement, the Company has conditionally agreed to place, through the Placing Agent on a best effort basis, 250,000,000 Placing Shares at the Placing Price of HK\$0.14 per Placing Shares.

The Company is an investment company listed pursuant to Chapter 21 of the Listing Rules and is principally engaged in investment in listed and unlisted companies in Hong Kong.

In accordance with the Company's 2005 interim report, the Group suffered net loss attributable to Shareholders for the six months ended 30 June 2005 and 2004 of approximately HK\$16 million and HK\$10.7 million respectively. The loss for the six months ended 30 June 2005 was mainly attributable to (i) impairment loss on available-for-sale investments; (ii) change in fair value of loan receivables; (iii) increase in administrative expenses; and (iv) increase in finance cost.

As stated in the letter from the Board in the Circular, the Company has raised approximately HK\$75.52 million by way of placing of Shares, convertible notes and right issues during the twelve months immediately preceding the Latest Practicable Date. The total fund raised by the Company has been applied as follows:

Amount	% of Total Amount Raised	Use of Proceed
HK\$4.82 million	6.4%	General working capital of the Company
HK\$28.2 million	37.3%	Repayment of short term working capital loan from financial institution
HK\$42.5 million	56.3%	Purchase equity and convertible notes issued by companies listed on the Stock Exchange
<hr/>	<hr/>	
HK\$75.52 million	100%	

LETTER FROM GALILEO CAPITAL

The use of proceeds raised during the twelve months immediately preceding the Latest Practicable Date is in line with the intended use of proceeds as disclosed in the relevant announcements and documents of the Company. However, as stated in the Company's 2005 interim report, the Company has several interest bearing loans of approximately HK\$22.8 million, which has been incurred to finance day-to-day operations and investments of the Company.

As advised by the Directors, the Company was indebted to securities houses for margin loans of approximately HK\$18 million at an average interest rate of prime rate plus 2.5% to 3%. In the anticipation of the rising global and domestic interest rates accompanied with the improving global economy, interest payment for the loan portion carrying the floating interest rate is expected to increase, which will increase the financial burden and net loss of the Group.

The net proceeds from the Placing will be approximately HK\$34 million. The Company intends to apply approximately HK\$18 million to the repayment of the margin loan with securities houses and the balance in the amount of approximately HK\$16 million for investment. We are of the view that partial repayment of the current liabilities of the Group by the net proceeds from the Placing is considered as a good alternative without increasing the finance cost of the Group.

Having considered the above, we are of the view that the entering into the Placing Agreement is fair and reasonable and is in the interests of the Company and its Shareholders as a whole.

2. *Principal Terms of the Placing Agreement – Placing Price*

The Placing Price of HK\$0.14 represents:

- a discount of approximately 10.26% to the closing price of HK\$0.156 per Share as quoted on the Stock Exchange as at the Latest Practicable Date;
- a discount of approximately 5.41% to the closing price of HK\$0.148 per Share as quoted on the Stock Exchange on the Last Trading Date;
- a discount of about 10.71% over the average closing price per Share of about HK\$0.1568 as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Date. The net price per Share is HK\$0.136; and
- a discount of about 33.33% to the unaudited net asset value per Share of HK\$0.21 as at 30 November 2005

We are of the view that it is appropriate to benchmark the Placing Price to recent transactions in the market, which represents the current investment trend in the public. As mentioned above, no long term bank loans with favourable terms could be obtained to

LETTER FROM GALILEO CAPITAL

repay the short term interest-bearing loans due within the next few months based on the business nature of the Company and its current portfolio. It will not be feasible to compare the cost of debt to the cost of issuing further equity in the present case. We are also of the view that it is more meaningful to disclose more information to the Shareholders relating to the effect resulting from the Placing Agreement. As such, we have reviewed relevant information of placing exercise carried out in 2005 by certain companies listed on the Stock Exchange as set out in the following table:

Name of the Company	Discount of placing price as compared to the closing price prior to the suspension of trading of the shares of the Company	Discount of placing price as compared to the average closing price for the last 5 trading days	Discount of placing price as compared to net asset value
Jiangxi Copper Company Limited (26 July 2005)	7%	3.71%	–
Heritage International Holdings Limited (15 August 2005)	2%	2.4%	85.7%
Solomon System (International) Limited (4 October 2005)	1.57%	–	–
Vongroup Limited (13 December 2005)	10.7%	10.4%	–
New World Development Company Limited (12 December 2005)	10.85%	2.21%	34.88%
Tidetime Sun (Group) Limited (8 December 2005)	11.76%	9.31%	21.05%
Radford Capital Investment Limited (18 November 2005)	6.25%	5.66%	65.6%

As illustrated above, the approximate discounts of the Placing Price to the closing price per Share as at the last trading date prior to the announcement of the respective comparable companies identified vary widely, with a range from a discount of 1.57% to 11.76%. It is reasonable to conclude that the Placing Price, being a discount of 5.41% to the closing price of HK\$0.148 per Share as quoted on the Stock Exchange on the Last

LETTER FROM GALILEO CAPITAL

Trading Date, is at the low side of the range of the comparables. Such discount of the Placing Price to the prevailing market price is considered favourable to the Company.

The approximate discounts of the Placing Price to the average closing price as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Date of the respective comparable companies identified vary widely, with a range from a discount of 2.21% to 10.4% respectively. As such, the Placing Price, being a discount of 10.71% to the average closing price of HK\$0.1568 as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Date, is only slightly above the high end of the range of the comparables. In light of the relatively small market capitalization of the Company, the restrictions on the Company as a Chapter 21 company and the low liquidity of the Shares, we consider that the discount of the Placing Price is commercially reasonable.

The Directors advised us that the Placing Price was arrived at after arm's length negotiation principally with reference to the prevailing market price of the Shares and the restrictions imposed on the Company's operation under Chapter 21 of the Listing Rules. While the Shares have been traded at prices far below the net asset value of the Shares, the Directors considered that it is inevitable to result in a relatively deep discount of the Placing Price to the net asset value per Share should the Placing Price be arrived at based on the prevailing market price of the Shares.

We consider that it is reasonable to arrive at the Placing Price based on prevailing market price of the Shares. It is also commercially reasonable for the Company to offer a relative deep discount on the Placing Price to the net asset value per Share as an incentive to encourage the Placees to invest in the Company in view of the long history of its relatively thin trading volume of the Shares and the difficulties encountered by the Company in obtaining other long term bank loans with favourable terms. As such, we are of the opinion that the discount on the Placing Price to the net asset per Share value is acceptable to the Shareholders and, therefore, the Placing Price is fair and reasonable.

3. Consideration of the funding needs of the Company

Save for the repayment of the short term interest bearing loans, the Company, as stated in the letter from the Board in the Circular, will continue to invest in undervalued stocks/companies with substantial growth potentials by exercising due care although the Directors do not have preference over specific industries and sectors. The funds of HK\$16 million to be obtained from the Placing allows the Company to be ready for any positive investment opportunities should it arise. In the circumstances that the Company cannot complete the Placing, no investment fund will be available for the Company should the investment opportunities arise. Considering the timing for fund raising and investment opportunity may not match with each other, it is reasonable that the Company obtains sufficient funds for its future investment opportunities in the circumstances that the principal terms of the Placing is fair and reasonable.

4. Analysis of other alternatives fund raising method available for the Company

We are of the view that it is in the shareholders' interest to endorse the Placing to finance the present investment strategies of the Company. As advised by the Directors, no long term bank loans with favourable terms could be obtained to repay the short term interest-bearing loans due within the next few months based on the business nature of the Company and its current portfolio. Under such circumstances, it is not reasonable and possible to compare the cost of debt to the cost of issuing further equity in the present case. Save for the infeasibility of the comparison between the cost of debt and the cost of entering into the Placing Agreement in the present case, the cost of external financing, i.e. long term bank loans or convertible bonds, is substantially or significantly more costly than entering into the Placing Agreement. Save for the mortgage loan interest, no other alternative, which is lower cost than the margin loan at an average interest rate of prime rate plus 2.5% to 3%, available for the Company in a relatively short period of time. As the Company has recorded a loss on the sale of its trading securities and the short-term interest bearing loans are due within the next few months, the only available option for the Company to raise fund is to place new Shares to independent third parties.

The Company has also considered raising funds by way of equity financing, including but not limited to convertible bonds, issue of new shares, right issues and open offer. Despite the fact that right issues and/or open offer could allow the Company to raise fund and the existing Shareholders would have pro-rata entitlement of the subscription rights, the Company cannot identify any offering terms from the potential underwriters, who neglected to show interest on any of the above method at that moment. Given the Company's relatively small market capitalization and thin liquidity of the Shares, it would take much time to successfully procure an underwriter for any above fund raising method on a fully under written basis. In view that the short term interest bearing loans of the Company will be due within the next few months and have to be repaid soon, the Directors are of the opinion that it would be more efficient and feasible to raise fund by way of placing Shares.

The Company has had more money to invest (due to previous fund raising), less debt to pay (due to loan repayment through proceeds) and yet incurred increasing losses and "finance cost". As the independent financial adviser of the Company, we still consider that it is in the Shareholders' interest to endorse the Placing to finance the Company. In light of the current diversified portfolio of the Company, it has invested in various listed companies, which have invested in, including but not limited to, Macau projects, infrastructure projects, manufacturing and property business. As the Company has a limited investment fund, its investment strategy is to invest in some small-to-mid capitalization stocks though some with thin liquidity, which will diversify its investment risk. Unfortunately, the unexpected speedy surge in fuel cost during the year 2005 has substantially reduced the profitability of those listed companies which are in manufacturing industry although the loss of the Company was substantially reduced from HK\$25.4 million in year 2003 to HK\$16.4 million in year 2004. Furthermore, the growth resulting from the Macau investment is no longer the drive of share prices of some listed

companies, which have entered into highly lucrative entertainment business in Macau. Despite the allegedly favorable market, the market focus is diverted from those listed companies, which fall within the infrastructure business sector and property industry, in particular, in the second half of year 2005. Under such unexpected factors, the Company has recorded a loss on the sale of its trading securities even though it has, at its best endeavor, tried to reduce its investment risk by investing in listed companies with substantial manufacturing operations, infrastructure projects or potential growth in some new business opportunities, such as Macau gaming sector. Had the Company been allowed to manage a bigger portfolio, it should have been given more choices and opportunity to invest in bigger size companies with a more diversified spread of investment risks and therefore a better chance to make profit.

5. *Effects of the Placing Agreement*

(a) Financial effects of the Placing Agreement

(i) Net asset value

As at 30 November 2005, the unaudited net asset value per Share of the Group is HK\$0.21. Upon completion of the Placing Agreement, there would be an adverse impact on the net asset value per share of the Company resulting from the Placing Agreement. Shareholders should be aware that the reduction in net asset value per Share is resulted from the discount of the Placing Price to the net asset value per Share and the consequential shareholdings dilution. However, we are of the view that it is acceptable to have a slightly lower net asset value per share after considering the overall benefit resulting from the Placing Agreement discussed in other sections.

(ii) Gearing

As at 30 June 2005, the Group reported an unaudited total current liabilities of approximately HK\$32.6 million, which comprised mainly accrued expenses of HK\$9.9 million and interest-bearing loans of HK\$22.68 million. The Company intends to apply approximately HK\$18 million out of the net proceeds from the Placing Agreement for the repayment of bank borrowings which are bearing an average interest rate of prime rate plus 2.5% to 3%. Under such circumstances, the gearing ratio of the Group will be significantly improved as compared to the six months period ended 30 June 2005. The balance of net proceeds of approximately HK\$16 million from the Placing will be used to enhance the working capital of the Group. As such, it is reasonable to concur with the Directors' view that the Placing Agreement is in the interests of the Company and the Shareholders as a whole.

LETTER FROM GALILEO CAPITAL

(iii) Earnings

In accordance with the Company's 2005 interim report, the Group suffered net loss attributable to Shareholders in the amount of HK\$16 million. With the intention to use the net proceeds of HK\$18 million from the Placing Agreement to repay the interest-bearing borrowings, the finance cost of the Group will be reduced significantly. Therefore, it is in the interest of the Company and the Shareholders as a whole to enter into the Placing Agreement.

(b) *Dilution effects on shareholdings*

The following table shows the shareholding structure of the Company prior to and upon the completion of the Placing Agreement:

	Shareholding structure of the Company prior to completion of the Placing Agreement		Shareholding structure of the Company immediately after completion of the Placing Agreement	
	<i>No of Shares held</i>	<i>% of issued Shares held</i>	<i>No of Shares held</i>	<i>% of issued Shares held</i>
Placees	0	0%	250,000,000	25.58%
Radford Capital Investment Limited	103,930,000	14.29%	103,930,000	10.63%
Wong Man Hon Federick	86,910,000	11.95%	86,910,000	8.89%
Heritage International Holdings Limited	68,000,000	9.35%	68,000,000	6.96%
Other public shareholders	<u>468,451,163</u>	<u>64.41%</u>	<u>468,451,163</u>	<u>47.94%</u>
Total	<u><u>727,291,163</u></u>	<u><u>100%</u></u>	<u><u>977,291,163</u></u>	<u><u>100%</u></u>

As illustrated in the above table, the Placing Shares represent approximately 34.37% of the existing total issued share capital and approximately 25.58% of the enlarged issued share capital upon the completion of the Placing Agreement. Pursuant to the Placing Agreement, shareholding of the independent Shareholders will be diluted from 64.41% to approximately 47.94%, representing a possible dilution of 16.47% upon the completion of the Placing Agreement.

LETTER FROM GALILEO CAPITAL

We are of the view that the dilution effect on shareholdings is acceptable to the independent Shareholders after considering the following factors:

1. in view of the business nature of the Group and its portfolio, no long term bank loans with favourable terms could be obtained to repay the short term interest-bearing borrowings due within the next few months despite the tremendous effort made by the Directors;
2. it is considered necessary to improve the relatively low cash level of the Group;
3. the improvement on the profitability of the Group after reduction of its finance cost upon the completion of the Placing Agreement; and
4. no other significant adverse impact resulting from the Placing Agreement saved for the slight reduction in the net asset value and the dilution effects on the shareholding of the Group.

6. *Specific Mandate*

The Placing Shares will be issued subject to the specific mandate to be approved by the Shareholders at the EGM and granted to the Board. In view of the above, we concur with the Directors that entering into the Placing Agreement by the Company and the terms of the Placing Agreement are in the interests of the Company and Shareholders as a whole. Without obtaining the specific mandate successfully, the Company will not be able to (i) issue and allot Shares to the Placees; (ii) raise funds to repay the short term interest-bearing loans of HK\$18 million; (iii) improve its profitability; and (iv) enhance its cash level and working capital. It is reasonable to conclude that specific mandate is very critical to the completion of the Placing Agreement. As such, we are of the view that granting the specific mandate is in the interest of the Company and Shareholders as a whole.

II. Renewal of General Mandate

In arriving at our recommendation in relation to the terms of the Placing Agreement, we have considered the followings:

1. *Background to and reasons for the renewal of General Mandate*

As mentioned above, the Company is an investment company listed pursuant to Chapter 21 of the Listing Rules and is principally engaged in investment in listed and unlisted companies in Hong Kong.

LETTER FROM GALILEO CAPITAL

As advised by the Directors, the Company would take advantage of the market condition to raise additional funds for the Company when investment opportunities are identified and when the Directors think fit and appropriate.

General mandate granted on 25 April 2005 has been fully utilised as the Company has raised funds by ways of placing new shares, convertible notes and rights issue during the past twelve months. Under such circumstances, if there is no refreshment to the General Mandate between now to the next annual general meeting of the Company, the Company may have to wait till May 2006 (i.e. the normal time to convene the Company's annual general meeting), which is around five months from the date of this letter before a new General Mandate may be granted to the Directors by resolution of Shareholders to be passed at the annual general meeting of the Company.

In order to enable the Company to capture any investment opportunities and/or to increase the flexibility for raising additional capital for the investment opportunities that may arise in the future, the Board proposes to seek the approval of the independent Shareholders to renew the General Mandate at the EGM.

2. Terms of the Renewal of the General Mandate

According to the Listing Rules, the Company will be required to seek prior consent of Shareholders for any allotment, issue or grant of Shares or securities convertible into Shares or other rights to subscribe for Shares or such convertible securities, unless such allotment, issue or grant falls under the circumstances provided under Rule 13.36(2) of the Listing Rules.

Pursuant to Rule 13.36(4) of the Listing Rules, an ordinary resolution will be required and proposed at a general meeting of the Company to obtain approval from the independent Shareholders to refresh the General Mandate before the next annual general meeting so that the Directors will be entitled to exercise the powers to allot and issue new Shares not exceeding 20% of the aggregate nominal amount of issued share capital of the Company as at the date of the EGM.

The approval of the refreshment of the General Mandate by the independent Shareholders at the EGM is unconditional.

3. Liquidity position of the Group

In accordance with the Company's 2005 interim report, the Group has reported cash and cash equivalent on hand of approximately HK\$99,000. Upon the completion of the Placing Agreement, there is HK\$16 million available as general working capital. The Directors confirmed that there is no definite plan for any investment or acquisition of the Group nor is there any immediate funding need for the operation of the Group save for the repayment of short term interest bearing loan, which will be resolved upon the completion of the Placing Agreement. Hence the Directors consider that the liquidity

LETTER FROM GALILEO CAPITAL

position of the Company will be stable and improved upon the completion of the Placing Agreement. However, the Directors cannot preclude the possibilities that additional finding may still be needed for investment development as well as other opportunities arise in the future (in particular, in the next five months before the next annual general meeting of the Company).

4. Financial flexibility and other possible alternatives

Given the equity financing is interest and security free by nature, and a bigger and wider spread of capital base may also enhance the liquidity of the Shares in the securities market in Hong Kong, the Directors consider that the granting of the General Mandate is in the interests of the Company and the Shareholders as a whole.

Notwithstanding the Directors confirmed that there is no definite plan for any investment nor is there any immediate funding need for the operation of the Company upon the completion of the Placing Agreement, in view of the length between the date of completion of the Placing Agreement and the next annual general meeting of the Company, the Directors cannot preclude the possibilities that the Company will or will not issue any new Shares to raise further equity capital.

Apart from equity financing, the Directors also confirmed that they would consider other alternatives such as debt financing and bank borrowings. However, such alternatives depend on the business nature of the Company, investment portfolio, cost of funding, financial position and the market condition. These alternatives may have subject to a lengthy due diligence and negotiation process. The Directors, also confirmed that they would exercise due and careful consideration when choosing the best method of financing for the Group.

Given the granting of the General Mandate may (i) enhance the flexibility of the Company to raise funds and/or to allot and issue new Shares as consideration for funding any future investment opportunities; and (ii) enlarge the capital base of the Group, we believe that the General Mandate offers the Company a flexible financing option for the benefit of the Group and in the interests of the Company and the Shareholders as a whole.

LETTER FROM GALILEO CAPITAL

5. *Potential dilution effect on shareholding structure*

The following table sets out the shareholding structure of the Company upon the completion of the Placing Agreement, and for illustrative purpose, the effects to the shareholdings of the Company upon full utilization of the refreshed General Mandate

	Shareholding structure of the Company		Shareholding structure of the Company after utilization of the refreshed General Mandate	
	<i>No of Shares held</i>	<i>% of issued Shares held</i>	<i>No of Shares held</i>	<i>% of issued Shares held</i>
Radford Capital Investment Limited	103,930,000	14.29%	103,930,000	11.91%
Wong Man Hon Federick	86,910,000	11.95%	86,910,000	9.96%
Heritage International Holdings Limited	68,000,000	9.35%	68,000,000	7.79%
Other public shareholders	468,451,163	64.41%	468,451,163	53.67%
Exercise of the refreshed General Mandate	—	—	145,458,232	16.67%
Total	<u>727,291,163</u>	<u>100%</u>	<u>872,749,395</u>	<u>100%</u>

Although the shareholdings of all Shareholders will be diluted in proportion to their respective interests in the Company upon exercise of the refreshed General Mandate, the renewal of General Mandate may provide a flexible financing option to the Company. Under such circumstances, we consider that the potential dilution to the shareholdings of the Shareholders to be acceptable.

LETTER FROM GALILEO CAPITAL

RECOMMENDATION

Having considered the above factors for the Placing Agreement and the renewal of General Mandate, we are of the view that the terms of the Placing Agreement are fair and reasonable; the Placing Agreement and renewal of General Mandate are in the interest of the Company and the Shareholders as a whole. We would advise the Independent Board Committee to recommend the Independent Shareholders to vote in favor of the resolution to approve the Placing Agreement and the renewal of General Mandate to be proposed at the forthcoming EGM.

Yours faithfully,
For and on behalf of
Galileo Capital Limited
Liu Ka Lim
Director

NOTICE OF EXTRAORDINARY GENERAL MEETING



Unity Investments Holdings Limited 合一投資控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 913)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**Meeting**”) of Unity Investments Holdings Limited 合一投資控股有限公司 (the “**Company**”) will be held at 30th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong on Thursday, 26 January 2006 at 9:00 a.m. for the purpose of considering and, if thought fit, passing (with or without modifications) the following resolution:

ORDINARY RESOLUTIONS

1. “**THAT**

- (a) the agreement (the “**Placing Agreement**”) dated 1 December 2005 entered into between the Company and Chung Nam Securities Limited (the “**Placing Agent**”), a copy of which has been produced to the meeting and marked “A” and initialled by the chairman of the meeting for identification purposes, pursuant to which the Company has conditionally agreed to place, through the Placing Agent on a best effort basis, 250,000,000 shares (the “**Placing Shares Notes**”) at the price of HK\$0.14 per Placing Share be and is hereby ratified, confirmed and approved;
- (b) the directors of the Company be and are hereby authorised to issue the Placing Shares according to the terms of the Placing Agreement; and
- (c) any one director of the Company, or any two directors of the Company if the affixation of the common seal is necessary, be and is/are hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements and to do all such acts or things deemed by him/her to be incidental to, ancillary to or in connection with the matters contemplated under the Placing Agreement.”

2. “**THAT** subject to and conditional upon The Stock Exchange of Hong Kong Limited granting approval of the listing of, and permission to deal in, the shares in the share capital of the Company to be issued pursuant to the exercise of options which may be granted under the Refreshed Scheme Mandate Limit (as defined below), the refreshment of the limit in respect of the granting of share options under the existing share option scheme of the Company up to a new 10 per cent limit (the “**Refreshed Scheme Mandate Limit**”) be approved provided that:

- (a) the total number of Shares which may be issued upon exercise of options to be granted under such scheme after the date of the passing of this Resolution,

NOTICE OF EXTRAORDINARY GENERAL MEETING

together with all options to be granted under any other share option scheme(s) of the Company on or after the date of passing this Resolution, must not exceed 10 per cent of the number of Shares in issue as at the date of passing this Resolution; and

- (b) options granted prior to the date of passing this Resolution under the such scheme or any other share option scheme(s) of the Company (including without limitation those outstanding, cancelled, lapsed or exercised in accordance with such scheme or such other scheme(s) of the Company) shall not be counted for the purpose of calculating the Refreshed Scheme Mandate Limit and any Director be and is hereby authorised to do such act and execute such document to effect the Refreshed Scheme Mandate Limit.”

3. **“THAT:**

- (a) subject to paragraph (c) of this Resolution, the exercise by the directors of the Company during the Relevant Period (as hereinafter in paragraph (d) of this Resolution) of all the powers of the Company to allot, issue or otherwise deal with additional shares, and to make or grant offers, agreements and options which might require the exercise of such powers, be and is hereby generally and unconditionally approved;
- (b) the approval given in paragraph (a) of this Resolution shall authorise the directors of the Company during the Relevant Period (as hereinafter in paragraph (d) of this Resolution) to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period (as hereinafter in paragraph (d) of this Resolution);
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the directors of the Company pursuant to the approval given in paragraph (a) of this Resolution, otherwise than pursuant to:
 - (i) a Rights Issue (as hereinafter in paragraph (d) of this Resolution);
 - (ii) the exercise of the rights of subscription or conversion attaching to any warrants issued by the Company or any securities which are convertible into Shares;
 - (iii) the exercise of any option scheme or similar arrangement for the time being adopted for the grant or issue to employees of the Company and/or any of its subsidiaries of Shares or rights to acquire Shares in the Company; or

NOTICE OF EXTRAORDINARY GENERAL MEETING

(iv) any scrip dividend or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares pursuant to the articles of association of the Company from time to time, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of the passing of this Resolution and the said approval shall be limited accordingly;

(d) for the purpose of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; and
- (iii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting; and

“Rights Issue” means the allotment, issue or grant of Shares pursuant to an offer of Shares open for a period fixed by the Directors of the Company to holders of Shares whose names stand on the register of members of the Company on a fixed record date in proportion to their then holdings of such Shares at that date (subject to such exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company).”

By Order of the Board of
UNITY INVESTMENTS HOLDINGS LIMITED
合一投資控股有限公司
Pang Shuen Wai, Nichols
Chairman

Hong Kong, 10 January 2006

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal place of business in Hong Kong:

30th Floor, China United Center

28 Marble Road

North Point

Hong Kong

Notes:

- (1) Any member entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares of the Company may appoint one or more proxies to attend and vote instead of him/her. A proxy need not be a member of the Company.
- (2) A form of proxy for use at the meeting is enclosed.
- (3) A form of proxy must be signed by you or your attorney duly authorised in writing or, in the case of a corporation, must be under its seal or the hand of an officer, attorney or other person duly authorised.
- (4) The form of proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof must be lodged at the Company's branch share registrar in Hong Kong, Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, not later than 48 hours before the time appointed for holding the Extraordinary General Meeting or any adjourned meeting (as the case may be) and in default the proxy shall not be treated as valid. Completion and return of the form of proxy shall not preclude members from attending and voting in person at the Extraordinary General Meeting or at any adjourned meeting (as the case may be) should they so wish.
- (5) Where there are joint registered holders of any share, any one of such persons may vote at any meeting, either in personal or by proxy, in respect of such share as if he/she was solely entitled thereto; but if more than one of such joint holders be present at the meeting personally or by proxy, the vote of that one of the said persons so present whose name stands first on the register of members in respect of such share shall be accepted to the exclusion of the votes of the other joint holders.
- (6) As at the date hereof, the executive directors of the Company are Ms. Au Shuk Yee, Sue, Mr. Pang Shuen Wai, Nichols and Mr. Kitchell, Osman Bin and the independent non-executive directors of the Company are Mr. Lam Ping Cheung, Mr. Chung Kong Fei, Stephen and Mr. Tsang Wing Ki.