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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)

PROPOSED ISSUE OF CONVERTIBLE NOTES PROPOSED ISSUE OF SHARES UNDER A SPECIFIC MANDATE AND RESUMPTION OF TRADING

ISSUE OF CONVERTIBLE NOTES

The Board announces that after the market closed for the morning session on 8 October 2008, the Company entered into the First Settlement Deed and the Second Settlement Deed with the First Lender and the Second Lender pursuant to which the Company will issue the First Convertible Notes and the Second Convertible Notes to Mascotte and Heritage, respectively, for the settlement of the Mascotte Loan and the Heritage Loan.

Upon full conversion of the First Convertible Notes and the Second Convertible Notes at the Conversion Price of HK\$0.132 per Share, a total of approximately 287,878,788 Conversion Shares will be issued, representing approximately 76.61% of the existing issued share capital of the Company and approximately 43.38% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares.

A circular containing details regarding the Proposed Issue and a notice of convening the EGM will be dispatched to the Shareholders as soon as practicable.

As completion of the Proposed Issue is subject to a number of conditions, which may or may not be fulfilled, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

RESUMPTION OF TRADING

Trading in the Shares has been suspended at the request of the Company with effect from 2:30 p.m. on 8 October 2008 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 10 October 2008.

INTRODUCTION

The Board announces that after the market closed for the morning session on 8 October 2008, the Company entered into the First Settlement Deed and the Second Settlement Deed with the First Lender and the Second Lender pursuant to which the Company will issue the First Convertible Notes and the Second Convertible Notes to Mascotte and Heritage, respectively, for the settlement of the Mascotte Loan and the Heritage Loan.

THE FIRST SETTLEMENT DEED

Date : 8 October 2008

Parties : The Company; and

The First Lender, a wholly-owned subsidiary of Mascotte, which is a company listed on the main board of the Stock Exchange (Stock Code: 136) and is primarily engaged in the manufacture and sale of accessories for photographic, electrical and multimedia products and property holding. As at the date of this announcement, Mascotte is interested in approximately 4.28% of the issued share capital of the Company. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, Mascotte is an independent third party not connected with the Company or its connected persons except that Ms. Kristi Lynn Swartz is the independent non-executive director of both the Company and Mascotte.

Pursuant to the First Settlement Deed, the Company will issue the First Convertible Notes to Mascotte to settle the Mascotte Loan, which has an outstanding principal amount of HK\$18 million as at the date of this announcement and is repayable on 13 October 2008.

THE SECOND SETTLEMENT DEED

Date : 8 October 2008

Parties : The Company; and

The Second Lender, which is a wholly-owned subsidiary of Heritage. Heritage is a company listed on the main board of the Stock Exchange (Stock Code: 412) and is primarily engaged in the business of property investment, investments in securities, money lending and investment holding. As at the date of this announcement, Heritage is interested in approximately 5.32% of the issued share capital of the Company. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, Heritage is an independent third party not connected with the Company or its connected persons.

Pursuant to the Second Settlement Deed, the Company will issue the Second Convertible Notes to Heritage to settle the Heritage Loan, which has an outstanding principal amount of HK\$20 million as at the date of this announcement and is repayable on 13 November 2008.

The First Settlement Deed and the Second Settlement Deed contain identical terms but are independent of each other. Completion of the First Settlement Deed and the Second Settlement Deed is not inter-conditional.

CONVERSION SHARES

Assuming full conversion of the First Convertible Notes and the Second Conversion Notes at the Conversion Price, the Convertible Notes will be convertible into approximately 287,878,788 Conversion Shares, representing approximately 76.61% of the existing issued share capital of the Company and approximately 43.38% of the enlarged issued share capital of the Company as enlarged by the issue of the Conversion Shares. The Conversion Shares will be issued under a specific mandate to be sought from the Shareholders at the EGM.

CONVERSION PRICE

The Conversion Price of HK\$0.132 per Conversion Share was arrived at after arm's length negotiation between Mascotte, Heritage and the Company and represents (i) a discount of approximately 5.71% of the closing price of HK\$0.14 per Share as quoted on the Stock Exchange on 6 October 2008, being the last trading day immediately before the date of the Settlement Deeds; (ii) a discount of approximately 10.93% to the average closing price of HK\$0.1482 per Share as quoted on the Stock Exchange for the last 5 trading days up to and including 6 October 2008; and (iii) a premium of approximately 2.33% over the closing price of HK\$0.129 per Share immediately before the suspension of trading in the Shares on 8 October 2008 pending the release of this announcement.

The Conversion Price will be subject to adjustment, the details of which are summarised in the "Terms of the Convertible Notes" of this announcement.

CONDITIONS OF THE PROPOSED ISSUE

Completion of the Proposed Issue is conditional upon:

- the Listing Committee having granted approval for the listing of and permission to deal in the Conversion Shares; and
- the passing by Shareholders in the EGM of a resolution to approve the Proposed Issue and the issue of the Convertible Notes and the Conversion Shares thereunder in accordance with the Listing Rules.

If any of the above conditions have not been fulfilled by 31 December 2008 (or such later date as the Company, Mascotte and Heritage may agree), the Settlement Deeds will lapse and become null and void and the Company will remain liable for the repayment of the Mascotte Loan and the Heritage Loan.

Application will be made by the Company to the Listing Committee for the grant of the listing of and permission to deal in the Conversion Shares.

COMPLETION

Completion of the issue of the Convertible Notes will take place within three Business Days upon the fulfillment of the conditions of the Proposed Issue (or such other date as the parties may agree).

TERMS OF THE CONVERTIBLE NOTES

The principal terms of the Convertible Notes are arrived at after arm's length negotiations between the Company, Mascotte and Heritage and are summarised as follows:

Principal Terms:

Aggregated Principal amount	:	HK\$38,000,000
Conversion Price	:	HK\$0.132 per Conversion Share, subject to adjustments in the events of share consolidation, share subdivision, capitalisation issue, capital distribution, rights issues, issues at less than current market price or modification of rights of conversion or offer of securities by the Company.
Interest rate:	:	zero
Maturity	:	the third anniversary of the date of issue of the Convertible Notes.
Transferability	:	The Convertible Notes are not transferable without the prior written consent of the Company, except by a transfer to subsidiaries or the holding company of the holders of the Convertible Notes. The Convertible Notes may not be transferred by the holder of the Convertible Notes, without the prior written consent of the Company, to any connected person (as defined under the Listing Rules) of the Company.

The Company undertakes to notify the Stock Exchange immediately upon becoming aware of any dealings in the Convertible Notes by any connected persons of the Company.

- Conversion period : The holders of the Convertible Notes shall have the right to convert on any business day at any time from the date of issue of the Convertible Notes until the date 7 days before (and excluding) the Maturity Date the whole or any part (in an amount or integral multiple of HK\$1,000,000 of the outstanding principal amount of the Convertible Notes into Conversion Shares at the Conversion Price.
- Deemed conversion : Unless previously converted into Shares, the holders of the Convertible Notes shall be deemed to have delivered a conversion notice and exercised in full their conversion rights under the outstanding principal amount of the Convertible Notes at the Conversion Price if the closing price of the Shares as published on the Stock Exchange daily quoted sheets for each dealing day during a consecutive 30 dealing days period is equal to or in excess of 150% of the initial Conversion Price of HK\$0.132 (subject to adjustments described therein).
- Conversion restriction : Notwithstanding the conversion rights attaching to the Convertible Note, holders of the Convertible Notes may not exercise their conversion rights and the Company will not issue any Shares if, upon such issue, (i) the Noteholder and the parties acting in concert with it, will be interested in 30% (or such amount as may from time to time be specified in the Hong Kong Code on Takeovers and Mergers as being the level for triggering a mandatory general offer) or more of the then enlarged issued share capital of the Company on the relevant conversion date, or (ii) the shareholding in the Company by the public will be less than 25% or the minimum prescribed percentage as set out in the Listing Rules from time to time.

- Voting : The holders of the Convertible Notes will not be entitled to receive notice of, attend or vote at any meeting of the Company by reason only of it being the holders of the Convertible Notes.
- Listing : No application will be made for the listing of the Convertible Notes on the Stock Exchange or any other securities exchange. An application will be made by the Company for the listing of, and permission to deal in, the Conversion Shares to be issued as a result of the exercise of the conversion rights attached to the Convertible Notes.
- Ranking : The Conversion Shares to be issued as a result of the exercise of the conversion rights attached to the Convertible Notes will rank pari passu in all respects with all other existing Shares outstanding at the date of conversion of the Convertible Notes.

The Convertible Notes has not provided for early redemption by the Company.

EFFECT ON SHAREHOLDING OF THE COMPANY FOLLOWING COMPLETION OF THE PROPOSED ISSUE

Set out below is the table for the shareholding in the Company before and after completion of the Proposed Issue:

Shareholders	Shareholding as at the date of this announcement		Shareholding after full conversion of the Convertible Notes (assuming no adjustment to the Conversion Price and no further issue of Shares as at the date of this announcement)	
	Shares	% of	Shares	% of
		shareholding		shareholding
Willie International Holdings Limited (“Willie”)	41,191,879	10.96%	41,191,879	6.21%#
Radford Capital Investment Limited (“Radford”)	26,442,356	7.04%*	26,442,356	3.98%#
Heritage	19,992,800	5.32%*	171,507,952	25.84%
Mascotte	16,086,200	4.28%*	152,449,836	22.97%
	103,713,235	27.60%	391,592,023	59.00%
Other public Shareholders	272,078,239	72.40%*	272,078,239	41.00%#
Total	<u>375,791,474</u>	<u>100.00%</u>	<u>663,670,262</u>	<u>100.00%</u>

Notes:

* Radford, Heritage and Mascotte are public Shareholders. The total % of shareholding of public float as at the date of this announcement is 89.04%.

Willie and Radford are public Shareholders. The total % of shareholding of public float after full conversion of the Convertible Notes (assuming no adjustment to the Conversion Price and no further issue of Shares as at the date of this announcement) is 51.19%.

As at the date of this announcement, the Company has no outstanding derivatives, options, warrants, conversion rights or other similar rights which are convertible or exchangeable into Shares.

ANNOUNCEMENT ON THE STATUS OF THE CONVERTIBLE NOTES

The Company will disclose by way of announcement all relevant details in relation to the conversion of the Convertible Notes in the following manner:

- (i) the Company will make a monthly announcement (“**Monthly Announcement**”) on the website of the Stock Exchange and the Company on or before the fifth Business Day following the end of each calendar month and will include the following details in a table form:
 - (a) whether there is any conversion of the Convertible Notes during the relevant month. If there is a conversion, details thereof including the conversion date, number of new Shares issued and conversion price for each conversion. If there is no conversion during the relevant month, a negative statement to that effect;
 - (b) the amount of outstanding Convertible Notes after the conversion, if any;
 - (c) the total number of Shares issued pursuant to other transactions during the relevant month, including Shares issued pursuant to the exercise of options under the share option scheme of the Company; and
 - (d) the total issued share capital of the Company as at the commencement and the last day of the relevant months.
- (ii) in addition to the Monthly Announcement, if the cumulative amount of the Conversion Shares issued pursuant to the conversion of the Convertible Notes reaches 5% of the issued share capital of the Company as disclosed in the last Monthly Announcement or any subsequent announcement made by the Company in respect of the Convertible Notes (as the case may be) (and thereafter in a multiple of such 5% threshold), the Company will make an announcement on the website of the Stock exchange and the Company including details as stated in (i) above for the period commencing from the date of the last Monthly Announcement or any subsequent announcement made by the Company in respect of the Convertible Notes (as the case may be) up to the date on which the total number of Shares issued pursuant to the conversion amounted to 5% of the issued share capital of the Company as disclosed in the last Monthly Announcement or any subsequent announcement made by the Company in respect of the Convertible Notes (as the case may be); and

(iii) if the Company forms the view that any issue of Conversion Shares will trigger the disclosure requirements under Rule 13.09 of the Listing Rules, then the Company is obliged to make such disclosures regardless of the issue of any announcements in relation to the Convertible Notes as mentioned in (i) and (ii) above.

CAPITAL-RAISING ACTIVITIES DURING PAST 12 MONTHS

Apart from the capital raising activities mentioned below, the Company has not carried out other capital raising activities during the 12 months immediately preceding the date of this announcement. The actual use of proceeds of approximately HK\$226.6 million raised by the Company from the capital raising activities during the 12 months immediately preceding the date of this announcement are summarised below, which is in line with the intended use of proceeds as disclosed in the relevant announcements of the Company:

Date of announcement	Capital raising activity	Net proceeds raised <i>HK\$</i>	Intended use of proceeds	Actual use of proceeds
30 October 2007	Subscription of 410,118,799 new shares	44.9 million	To be used as general working capital of the Company	Used as intended
12 December 2007	Rights issue of 1,565,797,810 rights shares on the basis of five rights shares for every one adjusted share held by qualifying shareholders	181.7 million	To be used for investment purpose	Used as intended
	Total	<u><u>226.6 million</u></u>		

REASONS FOR THE PROPOSED ISSUE

The Company is principally engaged in investments in listed securities in Hong Kong and other main stock market around the world and also in unlisted companies.

Owing to the recent turmoil in the financial market and the resulting credit crunch has tightened the availability of fund and increased the cost of funding for the Company. Thus, the Directors consider that the Proposed Issue is an appropriate means to set-off the loans that it owes to the First Lender and the Second Lender and reducing the debts of the Company. It will also not have an immediate dilution effect on the shareholding of the existing Shareholders of the Company.

Given that the Conversion Price was at a premium of approximately 2.33% to the closing price of the Shares on 8 October 2008 immediately before the suspension in trading pending the release of this announcement and at a slight discount of approximately 5.71% to the closing price of the Shares on 6 October 2008, being the last trading day immediately before the date of the Settlement Deeds and a discount of approximately 10.93% to the 5-day average closing price of the Shares up to 6 October 2008, the Directors consider that the terms of the First Settlement Deed and the Second Settlement Deed (including the Conversion Price) are fair and reasonable under the current market conditions and in the best interest of Shareholders and the Company as a whole.

GENERAL

A circular containing details regarding the Proposed Issue and a notice convening the EGM will be dispatched to the Shareholders as soon as practicable. As Mascotte is interested in the First Settlement Deed and Heritage is interested in the Second Settlement Deed, Mascotte and Heritage and their respective associates will abstain from voting for the resolutions proposed at the EGM to approve the First Settlement Deed and the Second Settlement Deed, respectively.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 2:30 p.m. on 8 October 2008 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 10 October 2008.

DEFINITIONS

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

“Board”	board of Directors
“Business Day(s)”	any day (other than a Saturday and Sunday) on which licensed banks are open for business in Hong Kong
“Company”	Unity Investments Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the main board of the Stock Exchange
“Conversion Shares”	new Shares which would fall to be issued by the Company upon the exercise of the conversion rights attached to the Convertible Notes
“Convertible Notes”	the First Convertible Notes and the Second Convertible Notes
“Conversion Price”	the conversion price of HK\$0.132 per Conversion Share (subject to adjustment)
“Director(s)”	director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened for the purpose of considering and if though fit, approving the Proposed Issue
“First Convertible Notes”	zero coupon convertible notes due 2011 in an aggregate principal amount of HK\$18,000,000 proposed to be issued to Mascotte pursuant to the First Settlement Deed

“First Lender”	Union Glory Finance Inc., a company incorporated in the British Virgin Islands, a wholly-owned subsidiary of Mascotte and the lender of the Mascotte Loan
“First Settlement Deed”	the conditional settlement deed dated 8 October 2008 entered into between the Company and the First Lender in relation to the settlement of the Mascotte Loan by the First Convertible Notes, subject to the terms and conditions contained therein
“Heritage”	Heritage International Holdings Limited, a company incorporated in Bermuda, the shares of which are listed on the main board of the Stock Exchange, the holding company of the Second Lender
“Heritage Loan”	the loan in the principal amount of HK\$20 million to the Company pursuant to the loan agreement between the Second Lender and the Company dated 14 August 2008
“Group”	the Company, its subsidiaries and its associated companies
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mascotte”	Mascotte Holdings Limited, a company incorporated in Bermuda, the shares of which are listed on the main board of the Stock Exchange, the holding company of the First Lender

“Mascotte Loan”	the loan in the principal amount of HK\$18 million to the Company pursuant to the loan agreement between the First Lender and the Company dated 13 August 2008
“Maturity Date”	the third anniversary of the date of issue of the Convertible Notes
“PRC”	The People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Proposed Issue”	the proposed issue of the First Convertible Notes and the Second Convertible Notes pursuant to the Settlement Deeds
“Second Convertible Notes”	zero coupon convertible notes due 2011 in an aggregate principal amount of HK\$20,000,000 proposed to be issued to Heritage pursuant to the Second Settlement Deed
“Second Lender”	Double Smart Finance Limited, a company incorporated in Hong Kong, a wholly-owned subsidiary of Heritage and the lender of the Heritage Loan
“Second Settlement Deed”	the conditional settlement deed dated 8 October 2008 entered into between the Company and the Second Lender in relation to the settlement of the Heritage Loan by the Second Convertible Notes, subject to the terms and conditions contained therein
“Settlement Deeds”	the First Settlement Deed and the Second Settlement Deed

“Share(s)”	share(s) of a nominal value of HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By order of the Board of
Unity Investments Holdings Limited
 合一投資控股有限公司
KITCHELL Osman Bin
Executive Director

Hong Kong, 9 October 2008

As at the date of this announcement, the Executive Directors of the Company are Mr. KITCHELL Osman Bin (Chairman and Chief Executive Officer), Ms. DAVIS Angela Hendricks and Ms. CHOI Ka Wing; and the Independent Non-executive Directors of the Company are Mr. CHUNG Kong Fei, Stephen, Mr. TSANG Wing Ki, Ms. SWARTZ Kristi Lynn and Mr. NGAI Wai Kin.