
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this Prospectus or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your securities in Unity Investments Holdings Limited (the "Company"), you should at once hand the Prospectus Documents to the purchaser (s) or to the transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or to the transferee.

Dealings in shares of the Company may be settled through CCASS and you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests.

A copy of each of the Prospectus Documents, having attached thereto the documents specified in the paragraph headed "Documents delivered to the Registrar of Companies" in Appendix III to this Prospectus, has been registered with the Registrar of Companies in Hong Kong pursuant to section 342C of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong). The Registrar of Companies in Hong Kong and SFC take no responsibility as to the contents of any of these documents.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares (in both their nil-paid and fully-paid forms) on the Stock Exchange and subject to compliance with the stock admission requirements of HKSCC, the Rights Shares (in both their nil-paid and full-paid forms) will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the relevant commencement dates of dealings in the Rights Shares (in both their nil-paid and fully-paid forms) on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants on the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

The Stock Exchange and HKSCC take no responsibility for the contents of each of the Prospectus Documents, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of each of the Prospectus Documents.



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)

RIGHTS ISSUE OF 1,194,991,160 RIGHTS SHARES ON THE BASIS OF TEN RIGHTS SHARES FOR EVERY EXISTING SHARE HELD BY QUALIFYING SHAREHOLDERS

Underwriter



結好投資有限公司
GET NICE INVESTMENT LIMITED

The latest time for acceptance of, and payment for, the Rights Shares is 4:00 p.m. on 9 May 2007. The procedure for acceptance and payment and/or transfer of the Rights Shares is set out on pages 12 to 13 of this Prospectus.

It should be noted that the Underwriter may terminate the arrangements set out in the Underwriting Agreement by notice in writing issued to the Company at any time prior to 4:00 p.m. on the Settlement Date, if there occurs:

- (i) an introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof); or
- (ii) any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of a political, military, financial, economic or currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not such are of the same nature as any of the foregoing) or of the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities market; or
- (iii) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out;

and in the reasonable opinion of the Underwriter, such change would have a material and adverse effect on the business, financial or trading position or prospects of the Group as a whole or the success of the Rights Issue or make it inadvisable or inexpedient to proceed with the Rights Issue; or
if, at or prior to 4:00 p.m. on the Settlement Date:

- (i) the Company commits any material breach of or omits to observe any of the obligations, undertakings, representations or warranties expressed to be assumed by it under the Underwriting Agreement which breach or omission will have a material and adverse effect on its business, financial or trading position; or
- (ii) the Underwriter shall receive notification pursuant to the relevant provision of the Underwriting Agreement, or shall otherwise become aware of, the fact that any of the representations or warranties contained in the Underwriting Agreement was, when given, untrue or inaccurate or would be untrue or inaccurate if repeated as provided in the Underwriting Agreement, and the Underwriter shall, in its reasonable opinion, determine that any such untrue representation or warranty represents or is likely to represent a material adverse change in the business, financial or trading position or prospects of the Group taken as a whole or is otherwise likely to have a materially prejudicial effect on the Rights Issue; or
- (iii) the Company shall, after any matter or event referred to the relevant provision of the Underwriting Agreement has occurred or come to the Underwriter's attention, fail promptly to send out any announcement or circular (after the despatch of the Prospectus Documents), in such manner (and as appropriate with such contents) as the Underwriter may reasonably request for the purpose of preventing the creation of a false market in the securities of the Company.

the Underwriter shall be entitled (but not bound) by notice in writing issued by the Underwriter to the Company to elect to treat such matter or event as releasing and discharging the Underwriter from its obligations under the Underwriting Agreement.

It should also be noted that the Shares will be traded on an ex-rights basis as from Thursday, 12 April 2007 and that dealings in the Rights Shares in their nil-paid form will commence from Thursday, 26 April 2007 to Friday, 4 May 2007 (both dates inclusive), when the conditions to which the Rights Issue subject to are yet to be fulfilled.

Any person dealing in the Rights Shares in their nil-paid form or until the date on which all conditions to which the Rights Issue is subject to are fulfilled shall accordingly bear the risk that the Rights Issue may not become unconditional. If the conditions of the Rights Issue are not fulfilled or the Underwriting Agreement is terminated by the Underwriter according to the terms thereof, the Rights Issue will not proceed. Investors may wish to obtain professional advice regarding dealings in shares of the Company or nil-paid Rights Shares during these periods.

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DEFINITIONS

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

“Acceptance Date”	latest day for acceptance of and payment for the Rights Shares which is expected to be at 4:00 p.m. on 9 May 2007
“Board”	the board of Directors
“Business Day”	a full day (other than a Saturday) on which banks are generally open for business in Hong Kong
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“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, the Shares of which are listed on the main board of the Stock Exchange
“Connected Persons”	has the meaning ascribed thereto in the Listing Rules
“Directors”	the directors of the Company
“Dollar Group”	Dollar Group Limited, a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of Heritage International Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the main board of the Stock Exchange
“EGM”	the extraordinary general meeting of the Company convened and held on Thursday, 19 April 2007 at 9:00 a.m. at 30th Floor, China United Center, 28 Marble Road, North Point, Hong Kong at which a resolution to approve the Rights Issue was passed
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong

DEFINITIONS

“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Shareholders”	Shareholders other than Mr. CHUNG Wilson, Mr. KITCHELL Osman Bin, Ms. CHOI Ka Wing and Mr. WONG Man Hon, Frederick and their respective associates
“Last Trading Day”	8 March 2007, being the last trading day before the suspension of the trading of the Shares on the Stock Exchange pending the release of the announcement dated 12 March 2007 in relation to the Rights Issue
“Latest Practicable Date”	18 April 2007, being the latest practicable date prior to the printing of this Prospectus for ascertaining certain information contained herein
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Wong”	Mr. WONG Man Hon, Frederick, an non-executive Director of the Company
“Non-Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date and whose address(es) as shown on the register of members of the Company on the Record Date is (are) outside Hong Kong and whom the Directors, based on legal opinions provided by legal advisers, consider it necessary or expedient not to offer the Rights Issue to such Overseas Shareholder(s) on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“PRC”	the People’s Republic of China which, for the purpose of this Prospectus, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Posting Date”	24 April 2007, the expected date for despatch of the Prospectus Documents to the Qualifying Shareholders or the Prospectus to the Non-Qualifying Shareholders (as the case may be)

DEFINITIONS

“Prospectus”	this prospectus
“Prospectus Documents”	the Prospectus, the provisional allotment letter and form of application for excess Rights Shares
“Qualifying Shareholder(s)”	Shareholder(s), other than the Non-Qualifying Shareholder(s), whose name(s) appear(s) on the register of members of the Company on the Record Date
“Record Date”	19 April 2007, the record date by which entitlements to the Rights Issue was determined
“Registrar”	Tengis Limited, whose registered address is 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong
“Rights Issue”	the issue of 1,194,991,160 Rights Shares at a price of HK\$0.1 per Rights Share
“Rights Shares”	1,194,991,160 Shares to be issued under the Rights Issue
“Settlement Date”	14 May 2007, the third Business Day after the Acceptance Date or such other date as the Underwriter may agree in writing with the Company
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	share(s) of HK\$0.1 each in the existing capital of the Company
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Underwriter”	Get Nice Investment Limited, a licensed corporation to carry on type 1, 4, 6, and 9 regulated activities for the purpose of the SFO (Chapter 571 of the Laws of Hong Kong).

DEFINITIONS

“Underwriting Agreement”	the underwriting agreement dated 9 March 2007 and a supplemental agreement dated 13 March 2007 entered into between the Company and the Underwriter in relation to the Rights Issue
“Underwritten Shares”	948,971,160 Rights Shares
“Winning Horsee”	Winning Horsee Limited, a company incorporated in the British Virgin Islands and a direct wholly-owned subsidiary of Radford Capital Investment 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

EXPECTED TIMETABLE OF THE RIGHTS ISSUE

The expected timetable for the Rights Issue is set out below:

Register of members closes (both dates inclusive)	16 April 2007 to 19 April 2007
Record Date	19 April 2007
Register of members reopens	20 April 2007
Despatch of Prospectus Documents	24 April 2007
First day of dealings in nil-paid Rights Shares	26 April 2007
Latest time for splitting nil-paid Rights Shares	4:00 p.m. on 30 April 2007
Last day of dealings in nil-paid Rights Shares	4 May 2007
Latest time for acceptance of, payment for Rights Shares and application for excess Rights Shares	4:00 p.m. on 9 May 2007
Expected time for the Rights Issue to become unconditional	4:00 p.m. on 14 May 2007
Announcement of results of the Rights Issue	17 May 2007
Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares expected to be despatched on or before	18 May 2007
Certificates for fully-paid Rights Shares expected to be despatched on or before	18 May 2007
Dealings in fully-paid Rights Shares expected to commence on	22 May 2007

Notes:

- (1) Nil-paid Rights Shares will be traded in a board lot of 4,000 Shares.
- (2) Announcement(s) will be made as and when appropriate to inform the Shareholders should there be any change to the expected timetable in relation to the Rights Issue.
- (3) Subject to the Rights Issue becoming unconditional on or before 4:00 p.m. on 14 May 2007, refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares and certificates for fully-paid Rights Shares are expected to be despatched on or before 18 May 2007. Dealings in fully-paid Rights Shares in a board lot of 4,000 Shares are expected to commence on 22 May 2007.

TERMINATION OF THE UNDERWRITING AGREEMENT

TERMINATION OF THE UNDERWRITING AGREEMENT

The Underwriter may terminate the arrangements set out in the Underwriting Agreement by notice in writing issued to the Company at any time prior to 4:00 p.m. on the Settlement Date, if there occurs:

- (i) an introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof); or
- (ii) any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of a political, military, financial, economic or currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not such are of the same nature as any of the foregoing) or of the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities market; or
- (iii) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out;

and in the reasonable opinion of the Underwriter, such change would have a material and adverse effect on the business, financial or trading position or prospects of the Group as a whole or the success of the Rights Issue or make it inadvisable or inexpedient to proceed with the Rights Issue; or

if, at or prior to 4:00 p.m. on the Settlement Date:

- (i) the Company commits any material breach of or omits to observe any of the obligations, undertakings, representations or warranties expressed to be assumed by it under the Underwriting Agreement which breach or omission will have a material and adverse effect on its business, financial or trading position; or

TERMINATION OF THE UNDERWRITING AGREEMENT

- (ii) the Underwriter shall receive notification pursuant to the relevant provision of the Underwriting Agreement, or shall otherwise become aware of, the fact that any of the representations or warranties contained in the Underwriting Agreement was, when given, untrue or inaccurate or would be untrue or inaccurate if repeated as provided in the Underwriting Agreement, and the Underwriter shall, in its reasonable opinion, determine that any such untrue representation or warranty represents or is likely to represent a material adverse change in the business, financial or trading position or prospects of the Group taken as a whole or is otherwise likely to have a materially prejudicial effect on the Rights Issue; or
- (iii) the Company shall, after any matter or event referred to the relevant provision of the Underwriting Agreement has occurred or come to the Underwriter's attention, fail promptly to send out any announcement or circular (after the despatch of the Prospectus Documents), in such manner (and as appropriate with such contents) as the Underwriter may reasonably request for the purpose of preventing the creation of a false market in the securities of the Company,

the Underwriter shall be entitled (but not bound) by notice in writing issued by the Underwriter to the Company to elect to treat such matter or event as releasing and discharging the Underwriter from its obligations under the Underwriting Agreement.

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:

Mr. CHUNG Wilson (*Chairman*)

Mr. KITCHELL Osman Bin (*Chief Executive Officer*)

Ms. CHOI Ka Wing

Non-executive Director:

Mr. WONG Man Hon, Frederick

Independent Non-executive Directors:

Mr. CHUNG Kong Fei, Stephen

Mr. TSANG Wing Ki

Mr. CHEN Henri Wei Hwa

Registered office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Principal office of business

in Hong Kong:

Unit 2103, 21st Floor

China United Centre

28 Marble Road

North Point

Hong Kong

24 April 2007

To the Shareholders

Dear Sir or Madam,

**RIGHTS ISSUE OF 1,194,991,160 RIGHTS SHARES
ON THE BASIS OF
TEN RIGHTS SHARES FOR EVERY EXISTING SHARE
HELD BY QUALIFYING SHAREHOLDERS**

I. INTRODUCTION

On 12 March 2007, the Board announced that it proposed to raise approximately HK\$119.50 million, before expenses, by issuing 1,194,991,160 Rights Shares to the Qualifying Shareholders by way of Rights Issue at a price of HK\$0.1 per Rights Share on the basis of ten Rights Shares for every existing Share held on the Record Date.

LETTER FROM THE BOARD

For Non-Qualifying Shareholders, the Company will make arrangements to sell the Rights Shares in their nil-paid form in the market and the proceeds of each sale, less expenses, of HK\$100 or more will be paid to Non-Qualifying Shareholders in Hong Kong dollars pro rata to their respective shareholding as soon as practicable.

948,971,160 Rights Shares are fully underwritten by the Underwriter.

The Rights Issue was approved by the Independent Shareholders by way of poll at the EGM.

The purpose of this Prospectus is to provide you further information in relation to the Rights Issue, certain financial and other information in respect of the Group.

II. THE RIGHTS ISSUE

1. Issue statistics

Basis of Rights Issue	:	Ten Rights Shares for every existing Share held on the Record Date
Number of Shares in issue	:	119,499,116 as at the Latest Practicable Date
Number of Rights Shares	:	1,194,991,160 Rights Shares, representing approximately 1000% of the existing issued share capital of the Company and 90.91% of the enlarged issued share capital of the Company upon completion of the Rights Issue
Subscription price per Rights Shares	:	HK\$0.1 per Rights Shares with nominal value of HK\$0.1 each
Underwriter	:	Get Nice Investment Limited and its ultimate beneficial owners, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and Connected Persons of the Company

As at the Latest Practicable Date, the Company has no outstanding share options, convertible securities or warrants which confers the right to subscribe for Shares.

LETTER FROM THE BOARD

2. Qualifying Shareholders

The Company has sent the Prospectus Documents to Qualifying Shareholders only.

To qualify for the Rights Issue, a Shareholder must on the Record Date:

- (i) be registered as a member of the Company; and
- (ii) not be a Non-Qualifying Shareholder.

In order to be registered as a member of the Company on the Record Date, Shareholders must lodge any transfer of Shares (together with the relevant share certificate(s)) with the Registrar, on or before 4:00 p.m. (Hong Kong time) on 13 April 2007.

3. Terms of the Rights Issue

(1) Subscription price

The subscription price for the Rights Shares is HK\$0.1 per Rights Share and is payable in full when a Qualifying Shareholder accepts the relevant provisional allotment of Rights Shares or applies for excess Rights Shares or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The subscription price of HK\$0.1 per Rights Share was arrived at after arm's length negotiations between the Company and the Underwriter with reference to recent closing prices of the Shares on the Stock Exchange and represents:

- (i) a discount of approximately 76.19% to the closing price of HK\$0.42 per Share as quoted on the Stock Exchange on 8 March 2007, being the Last Trading Day;
- (ii) a discount of approximately 22.54% to the theoretical ex-rights price of HK\$0.1291 per Share based on the closing price of HK\$0.42 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 78.95% to the average closing price of HK\$0.475 per Share as quoted on the Stock Exchange for the last 5 trading days up to and including the Last Trading Day;

LETTER FROM THE BOARD

- (iv) a discount of approximately 80.20% to the average closing price of HK\$0.505 per Share as quoted on the Stock Exchange for the last 10 trading days up to and including the Last Trading Day; and
- (v) a discount of approximately 71.43% to the closing price of HK\$0.35 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The executive Directors and the non-executive Director consider that the discount of the subscription price of the Rights Shares to closing price of the Share on the Last Trading Day is reasonable on the basis that the terms of the Rights Issue (including the price) are arrived at after arm's length negotiation with the Underwriter. Besides, the subscription price of the Rights Shares and the size of Rights Issue is arrived after taking into account of (1) the amount of funds that the Company wishes to raise and (2) the prevailing market conditions accepted by the Company and the Underwriter. Although there is a large discount compared to the closing price as at the Last Trading Day, the Company considers the subscription price is fair and reasonable because the discount is due to the significant size of the Rights Issue. Such Directors consider that the discount will encourage existing Shareholders to take up their entitlements, so as to share the potential growth of the Company.

(2) *Basis of provisional allotments*

Ten Rights Shares for every existing Share held by a Qualifying Shareholder on the Record Date.

(3) *Status of the Rights Shares*

When fully paid, issued and allotted, the Rights Shares will rank pari passu in all respects with the then existing Shares. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of issue and allotment of the fully-paid Rights Shares.

Dealings in nil-paid and fully-paid Rights Shares will be subject to the payment of stamp duty in Hong Kong. The board lot of nil-paid rights is same as the board lot of underlying rights, i.e. 4,000.

LETTER FROM THE BOARD

(4) Rights of Non-Qualifying Shareholders

The Prospectus Documents have not been registered or filed under the applicable securities or equivalent legislation of any jurisdictions other than Hong Kong. There were no Shareholders whose registered address are outside Hong Kong based on the register of members of the Company on the Record Date. Therefore, there are no Non-Qualifying Shareholders for the purpose of the Rights Issue.

The Company will make arrangements for the Rights Shares, which would otherwise have been provisionally allotted to any Non-Qualifying Shareholders there may be, to be sold in the market in their nil-paid form as soon as practicable after dealing in the nil-paid Rights Shares commences, if a premium (net of expenses) can be obtained. The proceeds of each sale, less expenses, of HK\$100 or more will be paid to Non-Qualifying Shareholders in Hong Kong dollars pro rata to their respective shareholding as soon as possible. The Company will retain individual amounts of less than HK\$100 for its own benefits.

(5) Fractional entitlements to Rights Shares

Fractional entitlements to Rights Shares will not be provisionally allotted and will be rounded down to the nearest whole number. Rights Shares representing the aggregate of fractions of Rights Shares (rounded down to the nearest whole number) will be provisionally allotted to a person nominated by the Company and, if a premium of HK\$100, net of expense, can be obtained, will be sold by the Company or the person so nominated and the net proceeds of sale will be retained by the Company for its own benefit. Any unsold fractions of Rights Shares will be available for excess application.

(6) Procedure for acceptance or transfer

A provisional allotment letter is enclosed with the Prospectus for Qualifying Shareholders which entitles Qualifying Shareholders to subscribe for the number of Rights Shares shown therein. If Qualifying Shareholders wish to exercise their rights to subscribe for all the Rights Shares specified in the enclosed provisional allotment letter, Qualifying Shareholders must lodge the provisional allotment letter in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar in Hong Kong, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong by not later than 4:00 p.m. Wednesday, 9 May 2007. All remittances must be made in Hong Kong dollars. Cheques must be drawn on an account with, and cashier's orders must be issued by, a bank in Hong Kong and made payable to "Unity Investments Holdings Limited – Provisional Allotment Account" and crossed "Account Payee Only".

LETTER FROM THE BOARD

It should be noted that unless the provisional allotment letter, together with the appropriate remittance, has been lodged with the Registrar by 4:00 p.m. on Wednesday, 9 May 2007, whether by the original allottee or any person to whom the rights have been validly transferred, the relevant provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled.

The provisional allotment letter contains the full information regarding the procedure to be followed if Qualifying Shareholders wish to accept only part of their provisional allotment or if they wish to renounce all or part of their provisional allotment.

If Qualifying Shareholders wish to accept only part of their provisional allotment or transfer a part of their rights to subscribe for the Rights Shares provisionally allotted, or to transfer their rights to more than one person, the entire provisional allotment letter must be surrendered and lodged for cancellation by not later than 4:00 p.m. on Monday, 30 April 2007 to the Registrar who will cancel the original provisional allotment letter and issue new provisional allotment letters in the denominations required.

All cheques and cashier's orders will be presented for payment immediately following receipt and all interest earned on such monies shall be retained for the benefit of the Company. Any provisional allotment letter in respect of which the accompanying cheque is dishonoured on first presentation is liable to be rejected, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled.

If the Underwriter exercises the right of termination to terminate its obligations under the Underwriting Agreement at any time before 4:00 p.m. on the Settlement Date, and/or if the conditions of the Rights Issue (summarized in the section headed "Conditions of the Rights Issue" below) are not fulfilled or waived by 4:00 p.m. on the Settlement Date, the monies received in respect of acceptances of the Rights Shares will be returned to the Qualifying Shareholders or such other persons to whom the Rights Shares in their nil-paid form shall have been validly transferred or, in the case of joint acceptances, to the first-named person without interest, by means of cheques despatched in the ordinary post at the risk of such Qualifying Shareholders or such other persons on or about Friday, 18 May 2007.

LETTER FROM THE BOARD

(7) Application for excess Rights Shares

Qualifying Shareholders may apply for any unsold entitlements, and any Rights Shares provisionally allotted but not accepted.

For investors whose Shares are held by their nominee(s) and would like to have their names registered on the register of members of the Company, they must lodge all necessary documents with the Registrar for completion of the relevant registration by 4:00 p.m. on 13 April 2007.

Investors with their Shares held by a nominee company should note that the Board will regard the nominee as a single Shareholder according to the register of members of the Company. Accordingly, Shareholders should note that the aforesaid arrangement in relation to the top-up of odd lots for allocation of excess Rights Shares will not be extended to beneficial owners individually. Investors with their Shares held by a nominee company are advised to consider whether they would like to arrange for the registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

Application may be made by completing the forms of application for excess Rights Shares and lodging the same with a separate remittance for the excess Rights Shares. The Directors will allocate the excess Rights Shares on a fair and equitable basis with reference to the level of acceptance of the Rights Shares and the number of excess Rights Shares available, but will give preference to topping-up odd lots to whole board lots.

If the Qualifying Shareholders wish to apply for any Rights Shares in addition to their provisional allotment under the Rights Issue, they must complete and sign the form of application for excess Rights Shares as indicated therein and lodge it, together with a separate remittance for the amount payable on application in respect of the excess Rights Shares applied for, with the Registrar, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, by not later than 4:00 p.m. on Wednesday, 9 May 2007. All remittances must be made in Hong Kong dollars. Cheques must be drawn on an account with, and cashier's orders must be issued by, a bank in Hong Kong and made payable to "Unity Investments Holdings Limited – Excess Application Account" and crossed "Account Payee Only". The Directors will allocate the excess Rights Shares to Qualifying Shareholders who have validly applied for excess Rights Shares on a fair and equitable basis with reference to the level of acceptance of the Rights Shares and the number of excess Rights Shares available, but will give preference to topping-up odd lots to whole board lots. The Registrar will despatch a notice or notices to the applicants of any allotment of excess Rights Shares made to them on or about Friday, 18 May 2007.

LETTER FROM THE BOARD

All cheques and cashier's orders will be presented for payment following receipt and all interest earned on such monies will be retained for the benefit of the Company. Completion and lodgment of a form of application for excess Rights Shares together with a cheque or cashier's order in payment for the Rights Shares applied for will constitute a warranty by the applicant that the cheque or banker's cashier order will be honoured on first presentation. Any form of application for excess Rights Shares in respect of which the accompanying cheque or cashier's order is dishonoured on first presentation is liable to be rejected.

If no excess Rights Shares are allotted to the applicants, the amount tendered on application is expected to be refunded to them in full without interest by means of cheques despatched by ordinary post at their own risk on or before Friday, 18 May 2007. If the number of excess Rights Shares allotted to them is less than that applied for, the surplus application money is expected to be refunded to them without interest by means of cheques despatched by ordinary post and in the case of joint applicants to the registered address of the applicant whose name first appears on the register of members or the transfer form at their own risk on or before Friday, 18 May 2007.

If the Underwriter exercises its right to terminate its obligations under the Underwriting Agreement before 4:00 p.m. on the Settlement Date and/or if any of the conditions of the Rights Issue are not fulfilled, the monies received in respect of applications for excess Rights Shares will be returned to the applicants without interest, by means of cheques despatched by ordinary post at the risk of such applicants on or before Friday, 18 May 2007.

The form of application for excess Rights Shares is for use only by the person(s) to whom it is addressed and is not transferable. All documents, including cheques for refund of application money, will be sent at the risk of the persons entitled thereto to their registered addresses by the Registrar.

(8) *Share certificates*

Subject to the fulfillment of the conditions of the Rights Issue, certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary mail at their own risk on or before 18 May 2007.

LETTER FROM THE BOARD

4. Underwriting Arrangements

(1) *Underwriting Agreement*

Date	:	9 March 2007 (as amended by a supplemental agreement dated 13 March 2007)
Parties	:	the Company and the Underwriter
Number of Rights Shares underwritten	:	948,971,160 Rights Shares, being the difference between the total number of Rights Shares i.e. 1,194,991,160 which the Company proposed to issue to the Qualifying Shareholders and 246,020,000 Rights Shares which Winning Horsee, Dollar Group and Mr. Wong have undertaken to subscribe for as at the date of the Underwriting Agreement. Winning Horsee is the beneficial owner of 10,393,000 Shares and it has agreed to accept 103,930,000 Rights Shares which will be provisionally allotted to it; Dollar Group is the beneficial owner of 8,450,000 Shares and it has agreed to accept 84,500,000 Rights Shares which will be provisionally allotted to it; and Mr. Wong is the beneficial owner of 5,759,000 Shares and he has agreed to accept 57,590,000 Rights Shares which will be provisionally allotted to him.
Commission	:	2.5% of the subscription price for the Underwritten Shares, the Directors consider that such commission is fair and reasonable and was determined after arm's length negotiations between the Company and the Underwriter

LETTER FROM THE BOARD

(2) Termination of the Underwriting Agreement

The Underwriter may terminate the arrangements set out in the Underwriting Agreement by notice in writing issued to the Company at any time prior to 4:00 p.m. on the Settlement Date, if there occurs:

- (i) an introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof); or
- (ii) any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of a political, military, financial, economic or currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not such are of the same nature as any of the foregoing) or of the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities market; or
- (iii) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out;

and in the reasonable opinion of the Underwriter, such change would have a material and adverse effect on the business, financial or trading position or prospects of the Group as a whole or the success of the Rights Issue or make it inadvisable or inexpedient to proceed with the Rights Issue; or

if, at or prior to 4:00 p.m. on the Settlement Date:

- (i) the Company commits any material breach of or omits to observe any of the obligations, undertakings, representations or warranties expressed to be assumed by it under the Underwriting Agreement which breach or omission will have a material and adverse effect on its business, financial or trading position; or

LETTER FROM THE BOARD

- (ii) the Underwriter shall receive notification pursuant to the relevant provision of the Underwriting Agreement, or shall otherwise become aware of, the fact that any of the representations or warranties contained in the Underwriting Agreement was, when given, untrue or inaccurate or would be untrue or inaccurate if repeated as provided in the Underwriting Agreement, and the Underwriter shall, in its reasonable opinion, determine that any such untrue representation or warranty represents or is likely to represent a material adverse change in the business, financial or trading position or prospects of the Group taken as a whole or is otherwise likely to have a materially prejudicial effect on the Rights Issue; or

- (iii) the Company shall, after any matter or event referred to the relevant provision of the Underwriting Agreement has occurred or come to the Underwriter's attention, fail promptly to send out any announcement or circular (after the despatch of the Prospectus Documents), in such manner (and as appropriate with such contents) as the Underwriter may reasonably request for the purpose of preventing the creation of a false market in the securities of the Company,

the Underwriter shall be entitled (but not bound) by notice in writing issued by the Underwriter to the Company to elect to treat such matter or event as releasing and discharging the Underwriter from its obligations under the Underwriting Agreement.

LETTER FROM THE BOARD

(3) *Effects on shareholding structure*

The following is the shareholding structure of the Company immediately before and after completion of the Rights Issue:

	Immediately before completion of the Rights Issue		Immediately after completion of the Rights Issue (assuming all existing Shareholders are qualified for Rights Issue allotment and will take up their full provisional allotment)		Immediately after completion of the Rights Issue (assuming only Mr. Wong, Winning Horsee and Dollar Group will take up the Rights Shares pursuant to their undertakings given and the Underwriter complies with its underwriting commitment)	
	approximately		approximately		approximately	
	Shares	%	Shares	%	Shares	%
Mr. CHUNG Wilson (Chairman)	2,600,000	2.18%	28,600,000	2.18%	2,600,000	0.20%
Mr. KITCHELL Osman Bin (Chief Executive Officer)	1,100,000	0.92%	12,100,000	0.92%	1,100,000	0.08%
Ms. CHOI Ka Wing (Executive Director)	1,654,700	1.38%	18,201,700	1.38%	1,654,700	0.13%
Mr. Wong (Non-executive Director)	5,759,000	4.82%	63,349,000	4.82%	63,349,000	4.82%
Underwriter (Note 1)	0	0%	0	0%	948,971,160	72.19%
Public Shareholders:						
Heritage International Holdings Limited (Note 2)	8,450,000	7.07%	92,950,000	7.07%	92,950,000	7.07%
Radford Capital Investment Limited (Note 3)	10,393,000	8.70%	114,323,000	8.70%	114,323,000	8.70%
Other public Shareholders	89,542,416	74.93%	984,966,576	74.93%	89,542,416	6.81%
Total	119,499,116	100%	1,314,490,276	100%	1,314,490,276	100%

Notes:

- At the date of the Underwriting Agreement, the Underwriter has sub-underwritten its underwriting obligation under the Rights Issue to sub-underwriters such that each of the Underwriter and the sub-underwriters will own less than 30% of the issued share capital of the Company after completion of the Rights Issue. Each of the Underwriter and the sub-underwriters is not a party acting in concert (as defined in the SFO) with each other. Each of the sub-underwriters and its ultimate beneficial owners do not have any shareholding in the Company and are not Connected Persons of the Company. The Underwriter and the sub-underwriters may or may not become a substantial shareholder.

In the event that the Underwriter or any of the sub-underwriters mentioned above is required to take up the Rights Shares pursuant to their underwriting obligations, the Underwriter or any of these sub-underwriters shall procure independent placees to take up such number of Rights Shares immediately as necessary to ensure that the public float requirements under Rule 8.08 of the Listing Rules are complied with upon completion of the Rights Issue.

LETTER FROM THE BOARD

2. Heritage International Holdings Limited (stock code: 412), a company listed on the Stock Exchange, 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. Radford Capital Investment Limited (stock code: 901), a company listed on the Stock Exchange is interested in the share capital of the Company indirectly through its direct wholly-owned subsidiary, Winning Horse Limited.

It is presently expected that there would be no change in the Board or executive management of the Company upon the completion of the Rights Issue.

5. Conditions of the Rights Issue

The Rights Issue is conditional upon, inter alia, the following conditions being fulfilled:

- (i) the delivery to the Stock Exchange and registration by the Registrar of Companies in Hong Kong respectively on or prior to the Posting Date of all relevant documents relating to the Rights Issue;
- (ii) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms either unconditionally or subject to such conditions which the Company accepts and the satisfaction of such conditions (if any and where relevant) by no later than the Posting Date and not having withdrawn or revoked such listings and permission on or before 4:00 p.m. on the Settlement Date;
- (iii) the passing of the relevant resolutions by the Shareholders approving the Rights Issue at the EGM of the Company in accordance with the Listing Rules; and
- (iv) the obligations of the Underwriter under the Underwriting Agreement not being terminated by the Underwriter in accordance with the terms of the Underwriting Agreement.

In the event that the conditions of Rights Issue in the Underwriting Agreement (other than the conditions (i), (ii), and (iii) which cannot be waived) have not been satisfied and/or waived by the relevant dates and times set out in the Underwriting Agreement, all liabilities of the parties shall cease and determine and none of the parties shall have any claim against the other save for expenses referred to in the Underwriting Agreement.

LETTER FROM THE BOARD

6. Warning of the Risks of Dealing in Shares and Rights Shares

Dealings in the Rights Shares in nil-paid form are expected to take place from 26 April 2007 to 4 May 2007 (both days inclusive). If the Underwriting Agreement is terminated (see the section headed “Termination of the Underwriting Agreement” above), or if the conditions of the Rights Issue (see the section headed “Conditions of the Rights Issue” above) are not fulfilled or waived, the Rights Issue will not proceed.

Any buying or selling of the Shares from now up to the date on which all such conditions are fulfilled, and any buying or selling of nil-paid Rights Shares, are at investors’ own risk.

If in any doubt, Shareholders and potential investors should consider obtaining professional advice.

7. Listing and Dealings

The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms.

The Shares are listed on the Stock Exchange and none of the securities of the Company are listed or dealt in on any other stock exchange and no such listing or permission to deal is being or proposed to be sought. The Company has no debt securities in issue.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Rights Shares in both their nil-paid and fully-paid forms respectively or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements will be made to enable the Rights Shares in both their nil-paid and fully-paid forms to be admitted to CCASS. You should seek the advice of your licensed securities dealer or other professional advisers for details of those settlement arrangements and how such arrangements will affect your rights and interests.

LETTER FROM THE BOARD

The first day of dealings in the Rights Shares in their fully-paid form is expected to commence on Tuesday, 22 May 2007.

Dealing in the Rights Shares, in both their nil-paid and fully-paid forms registered in the Registrar will be subject to the payment of stamp duty in Hong Kong.

8. Taxation

Qualifying Shareholders are recommended to consult their professional advisors if they are in any doubt as to the tax implications of the holding or disposal of, or dealing in the Rights Shares in both their nil-paid and fully-paid forms and, as regards the Non-Qualifying Shareholders, their receipt of the net proceeds of sale of the Rights Shares otherwise falling to be issued to them under the Rights Issue. It is emphasised that none of the Company, its Directors or any other parties involved in the Rights Issue accepts responsibility for any tax effects or liabilities of holders of the Rights Shares resulting from the purchase, holding or disposal of, or dealing in the Rights Shares in both their nil-paid and fully-paid forms.

9. Reasons for the Rights Issue and Use of the Proceeds

The Directors consider that it is prudent to finance the Group's long-term growth by long term funding, preferably in the form of equity which will not increase the Group's finance costs. Furthermore, the Directors consider that it is in the interest of the Company to enlarge its capital base by way of the Rights Issue which will allow all Shareholders the opportunity to participate in the growth of the Company.

The net proceeds from the Rights Issue is expected to be approximately HK\$115 million, which is derived from deducting approximately HK\$4.5 million expenses (i.e. comprising mainly are the commission fee of the Rights Issue, professional fees and administration expenses related to the completion of Rights Issue) from the gross proceeds from the Rights Issue. The net proceeds will be used by the Company mainly for investment in equity pursuant to the investment objectives adopted by the Company. As at the Latest Practicable Date, the Company has not identified any specific investment opportunities.

10. Fund raising activities during the past 12 months

Apart from the fund raising activity mentioned below, the Company has not carried out other fund raising activities during the 12 months immediately preceding the Latest Practicable Date.

LETTER FROM THE BOARD

Description	Date of announcement	Net amount raised	Date of general mandates granted	Intended use of proceeds as announcement	Actual use of proceeds
Placing of Shares	4 May 2006	HK\$28.13 million	26 January 2006	Approximately HK\$ 22.5 million for investment purpose and approximately HK\$5.63 million as general working capital	Fully utilized as intended

11. Business Review and Prospects

The unaudited turnover of the Group for the six months ended 30 June 2006 (the “Period”) was approximately HK\$112,200,000, representing an 11% increase compared to that of the corresponding period in the previous year, which arose from the Group’s strategy of rebalancing its investment portfolio.

The Group recorded an unaudited net profit of approximately HK\$22,594,000 for the Period, comparing to the net loss of approximately HK\$16,039,000 recorded for the corresponding period last year.

As at 30 June 2006, the total assets of the Group were approximately HK\$237,301,000, of which the non-current portion and the current portion were approximately HK\$34,009,000 and approximately HK\$203,292,000 respectively, the current liabilities was approximately HK\$24,866,000. The net assets of the Group amounted to approximately HK\$212,435,000 and the assets/liabilities ratio was approximately 9.54 and the current ratio was approximately 8.18, both have been improved when compared to those as at 31 December 2005. As the overall investment environment was good in the year of 2006, the Group has experienced an improvement in its liquidity and profitability since 31 December 2005.

On 2 May 2006, the Company entered into a placing agreement in relation to a placing of Shares to raise a net amount of HK\$28.13 million for investment purpose and general working capital. On 9 October 2006, the Company proposed a capital reorganization which involved capital reduction and share consolidation which became effective after 4:00 p.m. on 13 February 2007.

LETTER FROM THE BOARD

Financial and Trading Prospects

The principal activities of the Company are to invest in both listed and unlisted companies, the core portfolio comprises of mainly small to medium sized companies with good asset backing and/or growth potential. The Board considers that the market conditions are difficult to predict now due to the overall uncertain worldwide economic environment, especially in the United States of America (“U.S.A.”). The interest rate in U.S.A. may peak out at the current level, which would be good for the investment market, however, the market is still uncertain on the pace of interest rate reductions in the near future. Apart from this, the correction and the consolidation in the overheated property market in U.S.A. will induce the bad debt problem to crystallize in the secondary mortgage market. This problem is likely to seriously affect the financial health of financial institutions which have engaged in the secondary mortgage market. If the correction and the consolidation in the U.S.A. property market continues, it may dampen the overall consumers’ demand and the underlying economic growth whereby the global economy may also be seriously affected. The Hong Kong stock market will inevitably be affected by such global uncertainties. Besides, the stock market in Hong Kong has already accumulated a significant increase in the year of 2006. The stock market in the year of 2007 is subject to certain consolidation and correction. Hence, the market will become increasingly uncertain and volatile. However, Hong Kong can still take advantage of a continuous and steady economic growth in PRC that will fundamentally benefit the stock market in Hong Kong and provide attractive and rewarding investment opportunities. The Board believes that the stock market will continue to be volatile and unpredictable. The Board will adjust its investment portfolio continuously and raise funds as and when the opportunity arises. Since the market is uncertain and risky, the Board expects that the investment prospects for the year of 2007 may not be as favourable as the year of 2006.

III. ADDITIONAL INFORMATION

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

Your faithfully,

For and on behalf of

UNITY INVESTMENTS HOLDINGS LIMITED

合一投資控股有限公司

CHUNG Wilson

Chairman & Executive Director

1. SUMMARY OF FINANCIAL STATEMENTS

1.1 Financial Summary

The following is a summary of the consolidated results and of the assets and liabilities of the Group for the period from 1 January 2006 to 30 June 2006 and the years ended 31 December 2005, 2004 and 2003. The auditors' reports on the financial statements of the Group for each of the three years ended 31 December 2005, 2004 and 2003 did not contain any qualifications.

RESULTS

	Unaudited 01/01/2006 to 30/06/2006 <i>HK\$</i>	Audited 01/01/2005 to 31/12/2005 <i>HK\$</i>	Audited 01/01/2004 to 31/12/2004 <i>HK\$</i>	Audited 01/01/2003 to 31/12/2003 <i>HK\$</i>
Turnover	112,200,000	162,620,520	125,003,049	15,525,940
Other revenue	2,190,000	2,025,440	1,017,217	182,315
Cost of sales	(106,142,000)	(175,856,857)	(133,065,935)	(8,641,821)
Loan receivable:				
– Present value adjustment	–	(5,770,914)	–	–
– Impairment loss	–	(6,729,086)	–	–
Realised gain on disposal of available-for-sale investments	25,012,000	–	–	–
Unrealised (loss)/gain on investments held for trading	(5,301,000)	(9,328,737)	14,787,456	(27,038,224)
Impairment loss on available-for-sale investments	–	(3,000,000)	(20,000,000)	–
Other operating expenses	(4,024,000)	(5,422,312)	(3,372,820)	(4,654,807)
Finance costs	(1,341,000)	(3,051,172)	(1,178,991)	(806,535)
Profit/(loss) before taxation	22,594,000	(44,513,118)	(16,810,024)	(25,433,132)
Taxation	–	–	–	–
Profit/(loss) attributable to shareholders	22,594,000	(44,513,118)	(16,810,024)	(25,433,132)
Earnings /(loss) per share – Basic	2.41 cents	(6.78) cents	(5.2) cents	(15.22) cents

ASSETS AND LIABILITIES

	Unaudited	Audited		
	As at	As at 31 December		
	30 June 2006	2005	2004	2003
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	689,000	55,563	141,954	256,087
Available-for-sale investments/ Investment securities	20,820,000	43,481,071	56,753,110	81,313,638
Loan receivable	12,500,000	12,500,000	–	–
	<u>34,009,000</u>	<u>56,036,634</u>	<u>56,895,064</u>	<u>81,569,725</u>
Current assets				
Investments held for trading/ Trading securities	200,648,000	114,155,712	53,600,270	30,808,536
Deposits, prepayments and other receivables	2,356,000	4,281,835	108,926	193,479
Bank balances and cash	288,000	61,060	1,055,097	358,511
	<u>203,292,000</u>	<u>118,498,607</u>	<u>54,764,293</u>	<u>31,360,526</u>
Current liabilities				
Other payables and accruals	9,498,000	17,748,826	4,744,883	246,543
Short-term borrowings, unsecured	15,368,000	20,378,082	–	14,906,111
	<u>24,866,000</u>	<u>38,126,908</u>	<u>4,744,883</u>	<u>15,152,654</u>
Net current assets	<u>178,426,000</u>	<u>80,371,699</u>	<u>50,019,410</u>	<u>16,207,872</u>
NET ASSETS	<u><u>212,435,000</u></u>	<u><u>136,408,333</u></u>	<u><u>106,914,474</u></u>	<u><u>97,777,597</u></u>
CAPITAL AND RESERVES				
Share capital	112,229,000	72,729,116	38,400,000	20,000,000
Reserves	100,206,000	63,679,217	68,514,474	77,777,597
	<u>212,435,000</u>	<u>136,408,333</u>	<u>106,914,474</u>	<u>97,777,597</u>

1.2 Audited financial statements

Set out below are the audited financial statements of the Group for the years ended 31 December 2005 and 2004 as extracted from the 2005 and 2004 annual reports of the Company.

CONSOLIDATED INCOME STATEMENT

		01/01/2005 to	01/01/2004 to
		31/12/2005	31/12/2004
	<i>Notes</i>	<i>HK\$</i>	<i>HK\$</i>
Turnover	4	162,620,520	125,003,049
Other revenue	4	2,025,440	1,017,217
Cost of sales		(175,856,857)	(133,065,935)
Loan receivable:			
– Present value adjustment		(5,770,914)	–
– Impairment loss		(6,729,086)	–
Unrealised (loss)/gain on investments held for trading		(9,328,737)	14,787,456
Impairment loss on available- for-sale investments		(3,000,000)	(20,000,000)
Other operating expenses		(5,422,312)	(3,372,820)
Finance costs	6	(3,051,172)	(1,178,991)
Loss before taxation	6	(44,513,118)	(16,810,024)
Taxation	7	–	–
Loss attributable to shareholders	8	<u>(44,513,118)</u>	<u>(16,810,024)</u>
Loss per share – Basic (restated)	9	<u>(6.78) cents</u>	<u>(5.2) cents</u>

CONSOLIDATED BALANCE SHEET

		As at 31 December	
		2005	2004
<i>Notes</i>		<i>HK\$</i>	<i>HK\$</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	<i>11</i>	55,563	141,954
Available-for-sale investments/			
Investment securities	<i>13</i>	43,481,071	56,753,110
Loan receivable	<i>14</i>	12,500,000	–
		<u>56,036,634</u>	<u>56,895,064</u>
Current assets			
Investments held for trading/			
Trading securities	<i>15</i>	114,155,712	53,600,270
Deposits, prepayments and			
other receivables		4,281,835	108,926
Bank balances and cash		61,060	1,055,097
		<u>118,498,607</u>	<u>54,764,293</u>
Current liabilities			
Other payables and accruals		17,748,826	4,744,883
Short-term borrowings, unsecured	<i>16</i>	20,378,082	–
		<u>38,126,908</u>	<u>4,744,883</u>
Net current assets		<u>80,371,699</u>	<u>50,019,410</u>
NET ASSETS		<u><u>136,408,333</u></u>	<u><u>106,914,474</u></u>
CAPITAL AND RESERVES			
Share capital	<i>17</i>	72,729,116	38,400,000
Reserves	<i>18(a)</i>	63,679,217	68,514,474
		<u>136,408,333</u>	<u>106,914,474</u>

BALANCE SHEET

		As at 31 December	
		2005	2004
		HK\$	HK\$
	<i>Notes</i>		
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	<i>11</i>	55,563	141,954
Investments in subsidiaries	<i>12</i>	12,500,079	20,574,473
Available-for-sale investments/ Investment securities	<i>13</i>	43,481,032	56,753,110
		<u>56,036,674</u>	<u>77,469,537</u>
Current assets			
Investments held for trading/ Trading securities	<i>15</i>	114,155,712	53,600,270
Deposits, prepayments and other receivables		4,281,836	108,926
Bank balances and cash		61,045	1,055,082
		<u>118,498,593</u>	<u>54,764,278</u>
Current liabilities			
Other payables and accruals		17,748,826	4,744,883
Short-term borrowings, unsecured	<i>16</i>	20,378,082	–
		<u>38,126,908</u>	<u>4,744,883</u>
Net current assets		<u>80,371,685</u>	<u>50,019,395</u>
NET ASSETS		<u><u>136,408,359</u></u>	<u><u>127,488,932</u></u>
CAPITAL AND RESERVES			
Share capital	<i>17</i>	72,729,116	38,400,000
Reserves	<i>18(b)</i>	63,679,243	89,088,932
		<u>136,408,359</u>	<u>127,488,932</u>

CONSOLIDATED CASH FLOW STATEMENT

	<i>Notes</i>	2005 <i>HK\$</i>	2004 <i>HK\$</i>
OPERATING ACTIVITIES			
Cash used in operations	23	(78,974,060)	(5,682,975)
Interest paid		(2,673,090)	(1,178,991)
Net cash used in operating activities		<u>(81,647,150)</u>	<u>(6,861,966)</u>
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(51,780)	(62,999)
Proceeds from disposal of property, plant and equipment		8,300	3,000
Acquisition of available-for-sale investments		(3,000,039)	(20,000,000)
Proceeds from disposal of available-for-sale investments		6,295,076	22,803,908
Acquisition of subsidiaries, net of cash acquired		–	(8,999,984)
Dividends received		1,802,376	1,016,819
Interest received		223,064	398
Loan advances to an investee		(25,000,000)	–
Net cash used in investing activities		<u>(19,723,003)</u>	<u>(5,238,858)</u>
FINANCING ACTIVITIES			
Proceeds from rights issue		52,787,600	13,440,000
Proceeds from placements of shares		5,846,818	15,520,000
Proceeds from shares issued under share option scheme		3,990,000	–
Share issue expenses		(2,248,302)	(1,256,479)
Proceeds from issue of convertible notes		20,000,000	–
New short-term borrowings		81,500,000	–
Repayment of short-term borrowings		(61,500,000)	–
Net cash from financing activities		<u>100,376,116</u>	<u>27,703,521</u>
Net (decrease) increase in cash and cash equivalents		<u>(994,037)</u>	<u>15,602,697</u>
Cash and cash equivalents at beginning of year		<u>1,055,097</u>	<u>(14,547,600)</u>
Cash and cash equivalents at balance sheet date, represented by bank balances and cash		<u><u>61,060</u></u>	<u><u>1,055,097</u></u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	2005	2004
	<i>HK\$</i>	<i>HK\$</i>
Opening balance – Total equity	106,914,474	97,777,597
Placements of shares	5,846,818	15,520,000
Issue of shares under share option scheme	3,990,000	–
Rights issue	52,787,600	13,440,000
Conversion of convertible notes to shares	20,000,000	–
Share issue expenses	(2,248,302)	(1,256,479)
Change in fair value of available-for-sale investments	(6,827,288)	(1,756,620)
Transfer to income statement on disposal of available-for-sale investments	458,149	–
Loss for the year	(44,513,118)	(16,810,024)
	<u>136,408,333</u>	<u>106,914,474</u>
Closing balance – Total equity	<u>136,408,333</u>	<u>106,914,474</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2005

1. General Information

The Company is a public company incorporated in the Cayman Islands with limited liability and its shares are listed on the Stock Exchange of Hong Kong Limited. The addresses of the registered office and the principal place of business of the Company are disclosed in the corporate information of the annual report. The principal activities of the Group are described in note 4.

2. Adoption of new and revised Hong Kong Financial Reporting Standards

In the current year, the Group adopted the following new/revised Hong Kong Financial Reporting Standards (“HKFRSs”), Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which are effective for accounting periods beginning on or after 1 January 2005. The major impacts on the changes in accounting policies are summarized below:

HKFRS 2: “Share-based payment”

The adoption of HKFRS 2 has resulted in a change in the accounting policy for the recognition of an expense and a corresponding entry to equity in respect of directors’ and employees’ share options. The Group has applied HKFRS 2 retrospectively and has taken advantage of the transitional provisions provided therein. As a result, the Group has applied HKFRS 2 only to share options granted after 7 November 2002 which had not vested on 1 January 2005. The accounting policy of share-based payment transactions is described in note 3 to the financial statements.

The adoption of HKFRS 2 had no significant impact on the results and financial position for the current and prior accounting years. The options granted during the year have been fully exercised and the expense so calculated is immaterial to the financial statements for the year ended 31 December 2005.

HKAS 32: “Financial instruments: Disclosure and presentation” and HKAS 39: “Financial instruments: Recognition and measurement”

HKAS 32 requires retrospective application and primarily addresses the classification of financial instruments issued by an entity and prescribes disclosure requirements of financial instruments. HKAS 39 deals with recognition, measurement, derecognition of financial instruments and also prescribes requirements for hedge accounting. HKAS 39 generally does not permit the recognition, derecognition, or measurement of financial assets and liabilities on a retrospective basis. The principal effects of the adoption of the requirements of HKAS 32 and HKAS 39 are summarized below:

Up to 31 December 2004, the Group classified its equity securities in accordance with the alternative treatment of Statement of Standard Accounting Practice 24 *Accounting for Investments in Securities* (“SSAP 24”). Under SSAP 24, investments in debt or equity securities were classified as “investment securities” or “trading securities”. Both investment securities and trading securities were measured at fair value. Unrealised gains or losses of investment securities were reported in equity until the securities were sold or determined to be impaired, at which time the cumulative gain or loss previously recognised in equity was included in income statement for that period. Unrealised gains or losses of trading securities were reported in profit or loss for the period in which gains or losses arose.

In accordance with HKAS 39, investments are classified into held-to-maturity investments, loans and receivables, financial assets at fair value through profit or loss and available-for-sale financial assets. Upon adoption of this Standard, the Group has redesignated its investment securities and trading securities as “available-for-sale investments” and financial assets at fair value through profit or loss, described as “investments held for trading” respectively. Details of their accounting policies are set out in note 3 to the financial statements.

Apart from certain changes in presentation and disclosures, the adoption of HKAS 32 and 39 has no impact on the Group’s financial statements.

Future changes in HKFRS

At the date of authorisation of these financial statements, the HKICPA has issued a number of Standards and Interpretations that are not yet effective and the Group has not early adopted them.

The directors anticipate that the adoption of these new Standards and Interpretations in future periods will have no material impact on the Group's financial statements.

3. Principal accounting policies

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and by the Companies Ordinance.

Basis of preparation

The measurement basis used in the preparation of these financial statements is historical cost, except for available-for-sale investments and investments held for trading, which are measured at fair value.

Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December each year. Subsidiaries are those entities in which the Company, directly or indirectly, holds more than half of the issued share capital or controls more than half of the voting power or controls the composition of the board of directors. Subsidiaries are considered to be controlled if the Company has the power to govern the financial and operating policies, so as to obtain benefits from their activities.

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

All inter-company transactions and balances within the Group are eliminated on consolidation.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the year in which they are incurred.

Depreciation is provided to write off the cost less accumulated impairment losses of property, plant and equipment over their estimated useful lives from the date on which they are available for use and after taking into account of their estimated residual values, using the straight-line balance method, at the annual rate of 33¹/₃%.

Impairment loss

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

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

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

Financial instruments

Financial assets and financial liabilities are recognised on a trade date basis when the Group becomes a party to the contractual provisions of the instrument.

Investments

Investments are classified as either investments held for trading or as available-for-sale, and are measured at fair value subsequent to initial recognition. Gains and losses arising from changes in fair value or disposal of investments held for trading are included in income statement in the period they arise. For available-for-sale investments, gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the income statement for the period.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In case of equity securities classified as available-for-sale investments are impaired, the cumulative loss less any impairment loss on that financial asset previously recognised in profit or loss, is removed from equity and recognised in the income statement. Such impairment losses recognised in income statement are not subsequently reversed through income statement. Impairment losses recognised in income statement for debt instruments classified as available-for-sale are subsequently reversed through income statement if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and with no intention of trading. They are measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on acquisition and the amortization is taken to income statement, over the period to maturity. Any gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired.

Convertible notes

On the issue of convertible notes, the proceeds are split into liability and equity components. The fair value of the liability component is determined using a market rate for an equivalent non-convertible notes; and this amount, net of transaction costs, is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years.

Payables and short-term borrowings

Payables and short-term borrowings are initially recognised at fair value, and are subsequently measured at amortised cost, using the effective interest method.

Cash equivalents

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

Revenue recognition

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

Proceeds from sale of investments held for trading are recognised on the transaction date when the relevant sale and purchase contract is entered into.

Dividend income is recognised when the Group's rights to receive payment have been established.

Interest income is recognised as the interest accrues, using the effective interest method, to the net carrying amount of the financial asset.

Employee benefits***Defined contribution plans***

The obligations for contributions to defined contribution retirement scheme are recognised as an expense in the income statement as incurred and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. The assets of the scheme are held separately from those of the Group in an independent administered fund.

Leases

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

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

Share-based payment

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments to those participants who, in the opinion of the Board, have contributed or may contribute to the development and growth of the Group and any contribute to the development and growth of the Group and any entity in which the Group holds any equity interest. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effort of non market-based vesting conditions.

Taxation

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

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

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

Related parties

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

4. Turnover and revenue

The Group is principally engaged in the investments in listed and unlisted companies. Turnover and revenue recognised during the year are as follows:

	2005	2004
	<i>HK\$</i>	<i>HK\$</i>
Turnover		
Proceeds from sale of investments held for trading	162,620,520	125,003,049
Other revenue		
Interest income	223,064	398
Dividend income – listed investments	1,802,376	1,016,819
	<u>2,025,440</u>	<u>1,017,217</u>
Total revenue	<u><u>164,645,960</u></u>	<u><u>126,020,266</u></u>

5. Segment information

The Group has determined not to present any business segment information as the Group's turnover, contribution to operating profit (loss), assets and liabilities are attributable to the investments in listed and unlisted companies.

No geographical analysis is presented as all of the Group's operations are carried out in Hong Kong.

6. Loss before taxation

	2005	2004
	<i>HK\$</i>	<i>HK\$</i>
This is stated after charging (crediting):		
Finance costs		
Interest on bank overdrafts	–	698,334
Interest on short-term borrowings	2,742,473	480,657
Interest on convertible notes	308,699	–
	<u>3,051,172</u>	<u>1,178,991</u>
Staff costs		
Employee benefits expense, excluding directors' remuneration	26,501	43,310
Contributions to defined contribution plans	16,370	2,116
	<u>42,871</u>	<u>45,426</u>
Other items		
Auditors' remuneration	240,000	240,000
Depreciation	135,661	170,294
(Gain)/loss on disposal of property, plant and equipment	(5,790)	3,838
Loss on disposal of available-for-sale investments	607,864	–
Operating leases in respect of:		
– land and buildings	374,000	740,796
– hire of machinery	20,796	–
Negative goodwill recognised	–	(369,016)
	<u>–</u>	<u>(369,016)</u>

7. Taxation

Hong Kong profits tax has not been provided in the financial statements as the Group has no estimated assessable profit during the year (2004: Nil).

Reconciliation of tax expense

	2005 <i>HK\$</i>	2004 <i>HK\$</i>
Loss before taxation	(44,513,118)	(16,810,024)
Income tax at applicable tax rate of 17.5% (2004: 17.5%)	(7,789,796)	(2,941,754)
Tax exempt revenue	(316,433)	(178,013)
Non-deductible expenses	3,024,439	5,250
Utilisation of previously unrecognised tax losses	–	(401,233)
Unrecognised tax losses	5,065,845	3,515,750
Unrecognised temporary difference	15,945	–
	<u>–</u>	<u>–</u>

8. Loss attributable to shareholders

The loss attributable to shareholders dealt with in the financial statements of the Company is HK\$65,087,550 (2004: Profit of HK\$3,619,966).

9. Loss per share

The calculation of basic loss per share is based on the Group's loss attributable to the shareholders of HK\$44,513,118 (2004: HK\$16,810,024) and the restated weighted average number of 656,788,404 (2004: 323,513,555) ordinary shares in issue during the year.

Diluted loss per share has not been presented for the year as there was no dilutive effect.

10. Directors' and senior management's emoluments

(a) Directors' emoluments

Directors' emoluments of the Group are as follows:

	2005			Total HK\$
	Directors' fees HK\$	Salaries, allowances and benefits in kind HK\$	Retirement scheme contributions HK\$	
Executive directors				
Pang Shuen Wai, Nichols	–	–	–	–
Au Shuk Yee, Sue	–	276,000	12,000	288,000
Kitchell, Osman Bin	–	87,900	3,045	90,945
Independent non-executive directors				
Lam Ping Cheung	120,000	–	–	120,000
Wong Ying Seung, Asiong	–	–	–	–
Chung Kong Fei, Stephen	–	–	–	–
Tsang Wing Ki	60,000	–	–	60,000
	<u>180,000</u>	<u>363,900</u>	<u>15,045</u>	<u>558,945</u>
2004				
	Directors' fees HK\$	Salaries, allowances and benefits in kind HK\$	Retirement scheme contributions HK\$	Total HK\$
Executive directors				
Pang Shuen Wai, Nichols	–	–	–	–
Au Shuk Yee, Sue	–	384,000	12,000	396,000
Qi Qing	–	–	–	–
Wong Man Ho, William	–	21,600	1,000	22,600
Independent non-executive directors				
Lam Ping Cheung	120,000	–	–	120,000
Wong Ying Seung, Asiong	–	–	–	–
Chung Kong Fei, Stephen	–	–	–	–
Tsang Wing Ki	15,000	–	–	15,000
	<u>135,000</u>	<u>405,600</u>	<u>13,000</u>	<u>553,600</u>

(b) Individuals with highest emoluments

Of the five individuals with highest emoluments of the Group, four (2004: two) are directors whose emoluments are disclosed in note 10(a). The aggregate of the emoluments in respect of the other one (2004: three) individual is as follows:

	2005	2004
	<i>HK\$</i>	<i>HK\$</i>
Salaries and other emoluments	26,501	43,310
Retirement scheme contributions	1,370	2,166
	<u>27,871</u>	<u>45,476</u>

(c) Share options granted to the directors of the Company

Under the share option scheme (the “Scheme”) approved by the shareholders of the Company in 2003, the directors of the Company may grant options to those participants who, in the opinion of the Board, have contributed or may contribute to the development and growth of the Group and any entity in which the Group holds any equity interest. No share options were issued to the directors under the Scheme during the year.

11. Property, plant and equipment

	Leasehold improvements <i>HK\$</i>	Office equipment <i>HK\$</i>	Furniture and fixtures <i>HK\$</i>	Total <i>HK\$</i>
Group and Company				
Reconciliation of carrying amount year ended 31 December 2004				
At beginning of year	97,927	76,237	81,923	256,087
Additions	–	62,999	–	62,999
Disposals	–	(6,838)	–	(6,838)
Depreciation	(55,668)	(60,119)	(54,507)	(170,294)
At balance sheet date	<u>42,259</u>	<u>72,279</u>	<u>27,416</u>	<u>141,954</u>
Reconciliation of carrying amount year ended 31 December 2005				
At beginning of year	42,259	72,279	27,416	141,954
Additions	48,500	3,280	–	51,780
Disposals	–	–	(2,510)	(2,510)
Depreciation	(58,427)	(52,328)	(24,906)	(135,661)
At balance sheet date	<u>32,332</u>	<u>23,231</u>	<u>–</u>	<u>55,563</u>
At beginning of year				
Cost	167,170	176,445	163,681	507,296
Accumulated depreciation	(124,911)	(104,166)	(136,265)	(365,342)
	<u>42,259</u>	<u>72,279</u>	<u>27,416</u>	<u>141,954</u>
At balance sheet date				
Cost	215,670	179,725	119,236	514,631
Accumulated depreciation	(183,338)	(156,494)	(119,236)	(459,068)
	<u>32,332</u>	<u>23,231</u>	<u>–</u>	<u>55,563</u>

12. Investments in subsidiaries

	Company	
	2005	2004
	<i>HK\$</i>	<i>HK\$</i>
Unlisted shares, at cost	79	79
Due from subsidiaries	49,018,787	20,574,394
Provision for doubtful debts	(36,518,787)	–
	<u>12,500,000</u>	<u>20,574,394</u>
Total	<u><u>12,500,079</u></u>	<u><u>20,574,473</u></u>

The amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

The following is a list of the details of the subsidiaries held by the Company at 31 December 2005:

Name of subsidiary	Place of incorporation and type of legal entity	Principal activities	Particulars of issued share capital	Proportion of nominal value of issued capital held by the Company	
				<i>Directly</i>	<i>Indirectly</i>
Anchor Talent Limited	The British Virgin Islands, limited liability company	Investment holding	1 ordinary share of US\$1 each	–	100%
Moving Target Company Limited	The British Virgin Islands, limited liability company	Investment holding	10 ordinary shares of US\$1 each	100%	–
Vision Gate Enterprises Limited	The British Virgin Islands, limited liability company	Investment holding	1 ordinary share of US\$1 each	100%	–

13. Available-for-sale investments/investment securities

	Group		Company	
	2005	2004	2005	2004
		(Note c)		(Note c)
	HK\$	HK\$	HK\$	HK\$
Equity investment – listed				
Listed in Hong Kong (Note a)	43,481,032	56,753,110	43,481,032	56,753,110
Equity investment – unlisted				
(Note b)	23,000,039	20,000,000	–	–
Impairment loss	(23,000,000)	(20,000,000)	–	–
	39	–	–	–
Total	43,481,071	56,753,110	43,481,032	56,753,110

As at 31 December 2005, the carrying amount of the Company's shareholding in the following companies exceeded 10% of total assets of the Group and the Company.

Notes:

	Name	Place of incorporation	Principal activities	Particulars of issued share capital	Interest held
a.	Yugang International Limited	Bermuda	Packaging business and property investment business	Ordinary shares of HK\$0.1 each	3.7%
b.	Hennabun Management International Limited ("HMIL")	The British Virgin Islands ("BVI")	Provision of brokerage and financial services	Ordinary shares of HK\$0.01 each	3.86%

During the year, the Group invested HK\$3 million to purchase an additional 1.27% interest in HMIL. HMIL is a company incorporated in BVI with limited liability, which is principally engaged in investment holding and its subsidiaries are engaged in securities trading, investment holding and provision of brokerage and financial services.

- c. As mentioned in note 2 to the financial statements, following the adoption of HKAS 39, the Company's and the Group's investment securities as at 31 December 2004 have been reclassified as available-for-sale investments on 1 January 2005.

14. Loan receivable

	Group and Company	
	2005	2004
	<i>HK\$</i>	<i>HK\$</i>
At carrying amount	<u>12,500,000</u>	<u>–</u>

During the year, the Company, through its wholly-owned subsidiary, (i) acquired approximate 5% equity interest in Found Macau Investments International Limited (“Found Macau”) at the consideration of US\$5 (included in available-for-sale investments); (ii) became a party to a shareholders agreement relating to Found Macau; and (iii) made a shareholder loan of HK\$25 million to Found Macau (the “Found Macau Loan”). Found Macau is incorporated in BVI and its subsidiaries are principally engaged in investment holding and trading of prestige Hi-Fi equipment in Macau.

The Found Macau Loan is interest-free, unsecured and is repayable on demand after 8 years from 28 February 2005.

The carrying amount of the Found Macau Loan at the balance sheet date is measured at amortised cost less impairment loss.

15. Investments held for trading/trading securities

	Group and Company	
	2005	2004
	<i>HK\$</i>	<i>HK\$</i>
Held for trading		<i>(Note b)</i>
Equity investment, listed in Hong Kong (<i>Note a</i>)	106,055,712	53,600,270
Debt investment, unlisted	<u>8,100,000</u>	<u>–</u>
	<u>114,155,712</u>	<u>53,600,270</u>

Notes:

- a. At 31 December 2005, the carrying amount of the Company's shareholding in the following listed equity securities exceeded 10% of total assets of the Group and the Company.

Name	Place of incorporation	Principal activities	Particulars of issued share capital	Interest held
Willie International Holdings Limited	Hong Kong	Investment in trading securities, brokerage and financial services, property investment, and investment holding	Ordinary shares of HK\$0.1 each	5.92%

- b. As mentioned in note 2 to the financial statements, following the adoption of HKAS 39, the Company's and the Group's trading securities as at 31 December 2004 have been reclassified as investments held for trading on 1 January 2005.

16. Short-term borrowings, unsecured

The amounts represent the loans from third parties and are unsecured, interest bearing ranging from prime rate plus 1% or 2% per annum and repayable within one year.

17. Share capital

	<i>Notes</i>	Number of ordinary shares of HK\$0.1 each	Number of ordinary shares of HK\$0.01 each	Nominal value HK\$
<i>Authorised:</i>				
At 1 January 2004, 31 December 2004 and 1 January 2005		400,000,000	–	40,000,000
Subdivision of shares	<i>(i)(c)</i>	<u>(400,000,000)</u>	<u>4,000,000,000</u>	–
		–	4,000,000,000	40,000,000
Increase by the creation of additional 46,000,000,000 shares of HK\$0.01 each	<i>(i)(d)</i>	–	46,000,000,000	460,000,000
Share consolidation	<i>(iv)</i>	<u>5,000,000,000</u>	<u>(50,000,000,000)</u>	–
At balance sheet date		<u>5,000,000,000</u>	<u>–</u>	<u>500,000,000</u>
<i>Issued and fully paid:</i>				
At 1 January 2004		200,000,004	–	20,000,000
Placement of new shares		88,000,000	–	8,800,000
Rights issue		<u>96,000,001</u>	<u>–</u>	<u>9,600,000</u>
At 31 December 2004 and 1 January 2005		384,000,005	–	38,400,000
Issuance of shares	<i>(ii)</i>	15,998,000	–	1,599,800
Issuance of shares under share option scheme	<i>(iii)</i>	39,900,000	–	3,990,000
Capital reduction	<i>(i)(a)</i>	<u>(439,898,005)</u>	<u>439,898,005</u>	<u>(39,590,820)</u>
		–	439,898,005	4,398,980
Issuance of shares	<i>(ii)</i>	–	87,978,000	879,780
Share consolidation	<i>(iv)</i>	52,787,600	(527,876,005)	–
Rights issue	<i>(v)</i>	527,876,000	–	52,787,600
Conversion of convertible notes	<i>(vi)</i>	<u>146,627,563</u>	<u>–</u>	<u>14,662,756</u>
At balance sheet date		<u>727,291,163</u>	<u>–</u>	<u>72,729,116</u>

Notes:

- (i) At the extraordinary general meeting of the Company held on 28 February 2005, the resolutions in respect of the Capital Reorganisation including reduction of capital, adjustment of nominal value of the issued shares of the Company, cancellation and increase in authorised but unissued share capital (“Capital Reduction”) and the increase in authorised share capital of the Company to HK\$500,000,000 were approved by the shareholders. The Capital Reduction was approved by the Grand Court of the Cayman Islands on 6 May 2005 (“Effective Date”) and the effects of the Capital Reorganisation were as follows:
- (a) the paid-up and nominal value of the issued shares was reduced by HK\$0.09 per share by cancelling an equivalent amount of paid-up capital per share so that the nominal value of each such share will be reduced from HK\$0.1 to HK\$0.01. Based upon the number of shares in issue as at the Effective Date, the issued share capital of the Company of HK\$43,989,800 consisting of 439,898,005 ordinary shares of HK\$0.1 each was reduced by HK\$39,590,820 to HK\$4,398,980 consisting of 439,898,005 ordinary shares of HK\$0.01 each;
 - (b) the credit amount of HK\$39,590,820 arising from the reduction referred to in (a) above was credited to the contributed surplus account of the Company. The amounts in the contributed surplus account can be applied to a distributable reserve of the Company at the discretion of the directors of the Company in accordance with the articles of association of the Company and all applicable laws, including fully utilised to eliminate the accumulated losses of the Company;
 - (c) the authorised but unissued share capital of the Company has been sub-divided by sub-dividing each of the authorised but unissued shares of HK\$0.01 each in the capital of the Company; and
 - (d) the authorised share capital of the Company has been increased to HK\$500,000,000 by the creation of 460,000,000 shares of HK\$0.01 each.

- (ii) Pursuant to the placing agreement dated 10 January 2005, the Company agreed conditionally to place 15,998,000 ordinary shares of HK\$0.1 each of the Company on a fully underwritten basis to an independent investor at a price of HK\$0.14 per share.

Pursuant to the placing agreement dated 19 May 2005, the Company agreed conditionally to place 87,978,000 ordinary shares of HK\$0.01 each of the Company on a fully underwritten basis to independent investors at a price of HK\$0.041 per share.

- (iii) By an ordinary resolution passed on 1 April 2005, 39,900,000 ordinary shares of HK\$0.1 each were issued to qualified individuals under share option scheme at an exercise price of HK\$0.1 each.
- (iv) By an ordinary resolution passed on 13 September 2005 at the extraordinary general meeting, every 10 issued shares and unissued shares of HK\$0.01 each in the capital of the Company was consolidated into 1 Consolidation Share of HK\$0.10 each.
- (v) By an extraordinary resolution passed on 7 October 2005 at the extraordinary general meeting, the Company allot 10 Rights Shares for every Consolidated Share by way of the Rights Issue. As a result, 527,876,000 Rights Shares of HK\$0.1 each at a price of HK\$0.1 per Rights Share were issued and payable in full on acceptance.
- (vi) During the year, an aggregate of 146,627,563 ordinary shares of HK\$0.1 each of the Company were issued to holders of convertible notes as set out in note 19 to the financial statement.

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

18. Reserves

(a) Group

	Share premium HK\$	Investment revaluation reserve HK\$	Contributed surplus HK\$	Accumulated losses HK\$	Total HK\$
2004					
At beginning of year	74,031,922	21,758,947	–	(18,013,272)	77,777,597
Deficit on revaluation of investment securities	–	(1,756,620)	–	–	(1,756,620)
Loss for the year	–	–	–	(16,810,024)	(16,810,024)
Issues of shares	10,560,000	–	–	–	10,560,000
Shares issue expenses	(1,256,479)	–	–	–	(1,256,479)
At balance sheet date	<u>83,335,443</u>	<u>20,002,327</u>	<u>–</u>	<u>(34,823,296)</u>	<u>68,514,474</u>
2005					
At beginning of year	83,335,443	20,002,327	–	(34,823,296)	68,514,474
Issues of shares	8,704,482	–	–	–	8,704,482
Shares issue expenses	(2,248,302)	–	–	–	(2,248,302)
Change in fair value of available-for-sale investments	–	(6,827,288)	–	–	(6,827,288)
Transfer to accumulated losses upon disposal of available-for-sale investments	–	458,149	–	–	458,149
Creation of contributed surplus pursuant to the Capital Reorganisation	–	–	39,590,820	–	39,590,820
Contributed surplus set off against accumulated losses pursuant to the Capital Reorganisation	–	–	(39,590,820)	39,590,820	–
Loss for the year	–	–	–	(44,513,118)	(44,513,118)
At balance sheet date	<u>89,791,623</u>	<u>13,633,188</u>	<u>–</u>	<u>(39,745,594)</u>	<u>63,679,217</u>

(b) Company

	Share premium HK\$	Investment revaluation reserve HK\$	Contributed surplus HK\$	Accumulated losses HK\$	Total HK\$
2004					
At beginning of year	74,031,922	21,758,947	–	(17,868,804)	77,922,065
Deficit on revaluation of investment securities	–	(1,756,620)	–	–	(1,756,620)
Profit for the year	–	–	–	3,619,966	3,619,966
Issues of shares	10,560,000	–	–	–	10,560,000
Shares issue expenses	(1,256,479)	–	–	–	(1,256,479)
At balance sheet date	<u>83,335,443</u>	<u>20,002,327</u>	<u>–</u>	<u>(14,248,838)</u>	<u>89,088,932</u>
2005					
At beginning of year	83,335,443	20,002,327	–	(14,248,838)	89,088,932
Issues of shares	8,704,482	–	–	–	8,704,482
Shares issue expenses	(2,248,302)	–	–	–	(2,248,302)
Change in fair value of available-for-sale investments	–	(6,827,288)	–	–	(6,827,288)
Transfer to profit or loss on disposal of available-for-sale investments	–	458,149	–	–	458,149
Creation of contributed surplus pursuant to the Capital Reorganisation	–	–	39,590,820	–	39,590,820
Contributed surplus set off against accumulated losses pursuant to the Capital Reorganisation	–	–	(39,590,820)	39,590,820	–
Loss for the year	–	–	–	(65,087,550)	(65,087,550)
At balance sheet date	<u>89,791,623</u>	<u>13,633,188</u>	<u>–</u>	<u>(39,745,568)</u>	<u>63,679,243</u>

The Company had a distributable reserve of HK\$50,046,055 as at 31 December 2005 (2004: HK\$69,086,605), represented by the sum of share premium and accumulated losses of the Company. Under the Companies Law of the Cayman Islands, share premium of the Company is distributable to the shareholders, which is subject to a solvency test.

As mentioned in note 17 (i) (b) to the financial statement, an amount of approximately HK\$39,590,820 arising from the Capital Reduction was transferred to the contributed surplus account of the Company. Such credit amount can be utilised for such purposes as permitted by the laws of the Cayman Islands, including setting off the accumulated losses of the Company.

19. Convertible notes

	Group and Company	
	2005	2004
	<i>HK\$</i>	<i>HK\$</i>
Issuance during the year	20,000,000	–
Conversion	(20,000,000)	–
	<hr/>	<hr/>
At balance sheet date	<u>–</u>	<u>–</u>

Notes:

During the year, the Company issued convertible notes with principal sum of HK\$20,000,000 to third parties. The convertible notes bear interest at 5.0% per annum and can be converted into ordinary shares of the Company at a conversion price of HK\$0.5 or an adjustment conversion price per share in amounts or integral multiples of HK\$1,000,000 at any time from date of issue and up to 7 days before (and excluding) the maturity of the convertible notes. The convertible notes will mature on 19 August 2010. The conversion price of the convertible notes was adjusted from HK\$0.5 to HK\$0.1364 with effect from 27 October 2005 as a result of the rights issue during the year.

During the year, the convertible notes with principal sum of HK\$20,000,000 were converted into 146,627,563 ordinary shares of HK\$0.1 each of the Company at a conversion price of HK\$0.1364 per share.

20. Pledge of assets

As at 31 December 2005, margin facilities from several securities brokers were granted to the Company which were secured by the Company's available-for-sale investments and investments held for trading. As at 31 December 2005, a total amount of HK\$17,167,218 (2004: HK\$3,876,000) has been utilised against these facilities.

21. Deferred taxation

Deferred taxation is calculated in full on temporary differences under the liability method using a principal taxation rate of 17.5% (2004: 17.5%).

Unrecognised deferred tax assets arising from

	Group	
	2005	2004
	<i>HK\$</i>	<i>HK\$</i>
Deductible temporary difference	169,478	–
Tax losses	54,619,245	31,611,322
	<u>54,788,723</u>	<u>31,611,322</u>
At the balance sheet date	<u>54,788,723</u>	<u>31,611,322</u>

Both the tax losses and the deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

22. Share option scheme

In prior years, the directors were only authorised to grant options to subscribe for up to 20,000,000 shares, representing 10% of the issued share capital of the Company as at the date of the adoption of the share option scheme. The Company has not granted any options under the share option scheme prior to the date of Capital Reorganisation.

Pursuant to the Capital Reorganisation, it was approved on 28 February 2005 by the ordinary resolution that share options can be granted under the Refreshed Scheme Mandate Limit, the refreshment of the limit in respect of the granting of share options under the share option scheme of the Company adopted on 2 May 2003 up to a new 10 per cent limit.

(a) Change in number of share options under share option scheme

	2005	2004
	Number	Number
At the beginning of year	–	–
Issued	39,900,000	–
Exercised	(39,900,000)	–
	<u> </u>	<u> </u>
At balance sheet date	<u> </u>	<u> </u>

(b) Details of share options exercised during the year

Exercise date	Exercise price <i>HK\$</i>	Market value	Proceeds received <i>HK\$</i>	Number
		at exercise date <i>HK\$</i>		
7 April 2005	0.1	0.054	360,000	3,600,000
13 April 2005	0.1	0.056	2,920,000	29,200,000
15 April 2005	0.1	0.056	710,000	7,100,000
			<u> </u>	<u> </u>
			<u> </u>	<u> </u>

At the balance sheet date, no share option has been granted by the Company but not vested under the share option scheme.

23. Cash used in operations

	2005	2004
	<i>HK\$</i>	<i>HK\$</i>
Loss before taxation	(44,513,118)	(16,810,024)
Depreciation	135,661	170,294
(Gain)/Loss on disposals of property, plant and equipment	(5,790)	3,838
Unrealised loss/(gain) on investments held for trading	9,328,737	(14,787,456)
Impairment loss on available-for-sale investments	3,000,000	20,000,000
Loss on disposal of available-for-sale investments	607,864	–
Interest income	(223,064)	(398)
Interest expenses	3,051,172	1,178,991
Dividend income	(1,802,376)	(1,016,819)
Negative goodwill	–	(369,016)
Loan receivable		
– Present value adjustment	5,770,914	–
– Impairment loss	6,729,086	–
Change in working capital		
Investments held for trading	(69,884,179)	1,364,722
Deposits, prepayments and other receivables	(4,172,910)	84,553
Other payables and accruals	13,003,943	4,498,340
Cash used in operations	<u>(78,974,060)</u>	<u>(5,682,975)</u>

24. Commitments under operating leases

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

	2005	2004
	<i>HK\$</i>	<i>HK\$</i>
Within one year	20,796	740,796
In the second to fifth years inclusive	<u>58,922</u>	<u>679,718</u>
	<u>79,718</u>	<u>1,420,514</u>

25. Related party transactions

Other than disclosed elsewhere in the financial statements, the following related party transaction was transacted by the Group during the year, details of which are set out below:

Related party relationship	Nature of transaction	2005 <i>HK\$</i>	2004 <i>HK\$</i>
A company under common control	Investment management fee paid (<i>Note</i>)	600,000	995,386

Note:

Pursuant to an investment management agreement (the “Agreement”) dated 5 November 2003 between the Company and CU Investment Management Limited (“CUIM”), CUIM has been providing the Group with investment management services from 5 November 2003 to 4 November 2004. Under this arrangement, CUIM was entitled to a monthly management fee payable in advance at 1% per annum of the net asset value of the Group at the end of preceding month on the basis of actual number of days in the relevant calendar month over a year of 365 days. The Agreement was expired on 4 November 2004 and a new agreement was entered on 5 November 2004. Under this new agreement, a flat rate of HK\$50,000 is charged on a monthly basis.

Dr. Pang Shuen Wai, Nichols, an executive director of the Company, is a director of CUIM.

26. Financial risk management objectives and policies

The Group's major financial instruments include debt and equity investments, other receivables and other payables and borrowings. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies applied by the Group to mitigate these risks are set out below. Management monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Financial risk factors***Interest rate risk***

The Group's interest rates on its short-term borrowings are mainly the bank's prime rate plus certain percentage. The interest rates and terms of repayment have been disclosed in note 16.

Liquidity risk

The Group's liquidity risk is minimal and is managed by matching the settlement of trading in securities.

Price risk

The Group's available-for-sale investments and investment held for trading are measured at fair value at each balance sheet date. Therefore, the Group is exposed to equity and debt security price risk. The management manages this exposure by maintaining a portfolio of investments with different risk profiles.

Fair value estimation

The fair value of financial instruments traded in active markets such as available-for-sale investments or investments held for trading is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price.

For the loan receivable valued at fair value, the Group uses the discounted cash flows valuation method together with impairment assessment if required to determine the carrying amount at the balance sheet date.

Certain unlisted securities included in available-for-sale investments are stated at fair value after the carrying amounts are determined to be impaired.

Certain unlisted securities included in investments held for trading are stated at cost at the balance sheet date as the Group determines the fair value of such assets closely approximated the cost.

27. Post balance sheet event

On 27 February 2006, the Company allotted and issued 250,000,000 ordinary shares of HK\$0.1 each of the Company to independent investors at the placing price of HK\$0.14 per share. As a result of such issue, the issued and fully paid share capital and the share premium net off share issuing cost have been increased by HK\$25,000,000 and HK\$9,296,500 respectively.

2. INDEBTEDNESS

2.1 Borrowing and debts

At the close of business on 28 February 2007, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Prospectus, except for accruals of approximately HK\$550,000 and outstanding margin financing payable of approximately HK\$1.2 million as described below, the Group did not have any indebtedness.

The Company has pledged its trading securities to secure margin financing facilities obtained from regulated securities dealers. As at 28 February 2007, these facilities have been utilized up to the extent of HK\$1.2 million.

2.2 Contingent liabilities

As at 28 February 2007, the Group had no material contingent liabilities.

2.3 Disclaimer

Save as aforesaid and apart from intra-group liabilities, at the close of business on 28 February 2007, the Group did not have any outstanding loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, finance lease or hire purchase commitments, guarantees or other material liabilities.

The Directors have confirmed that there has been no material change in the indebtedness and contingent liabilities of the Group since 31 December 2005, being the date to which the latest published audited accounts of the Company were made up to.

3. MATERIAL CHANGES

As at the Latest Practicable Date, the Directors are not aware of any material adverse changes in the financial or trading position of the Group since 31 December 2005, being the date to which latest audited financial statements of the Group were made up, save as publicly disclosed.

4. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the present available margin facilities, financial resources and the estimated net proceeds from the Rights Issue to the Group, the Group has sufficient working capital for its present requirements in the absence of unforeseen circumstances.

STATEMENT OF UNAUDITED PRO FORMA CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The following is an unaudited pro forma statement of consolidated net tangible assets of the Group which has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Rights Issue as if it has been undertaken and completed on 30 June 2006. This statement has been prepared for illustrative purpose only and because of its nature, it may not give a true picture of the financial position of the Group on the completion of the Rights Issue.

	Unaudited consolidated net tangible assets of the Group attributable to the Shareholders of the Company as at 30 June 2006 <i>(Note i)</i> <i>HK\$</i>	Estimated net proceeds from the Rights Issue <i>(Note ii)</i> <i>HK\$</i>	Unaudited pro forma consolidated net tangible assets of the Group attributable to the Shareholders of the Company after the Rights Issue <i>HK\$</i>	Unaudited consolidated net tangible assets per Share as at 30 June 2006 <i>HK\$</i>	Unaudited pro forma consolidated net tangible assets per Share after the Rights Issue <i>(Note iii)</i> <i>HK\$</i>
Based on the subscription price of HK\$0.1 per Rights Share	212,435,000	115,000,000	327,435,000	0.19	0.25

Notes:

- (i) The unaudited consolidated net tangible assets of the Group attributable to the Shareholders of the Company as at 30 June 2006 is based on the unaudited consolidated net tangible assets of the Group attributable to the Shareholders of the Company as at 30 June 2006 of approximately HK\$212,435,000, as disclosed in the interim report of the Company.
- (ii) The estimated net proceeds from the Rights Issue is calculated on 1,194,991,160 Rights Shares to be issued at the subscription price of HK\$0.1 per Rights Share, after the deduction of the estimated related expenses of approximately HK\$4,500,000.
- (iii) The unaudited pro forma consolidated net tangible assets per Share after the Rights Issue is calculated based on 1,314,490,276 Shares which represent the existing 119,499,116 Shares currently in issue and 1,194,991,160 Rights Shares expected to be issued following the completion of the Rights Issue.

Moores Rowland Mazars

摩斯倫 · 馬賽會計師事務所

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香港銅鑼灣
希慎道33號
利園廣場34樓

24 April 2007

The Directors

Unity Investments Holdings Limited

Unit 2103, 21/F, China United Centre

28 Marble Road

North Point

Hong Kong

Dear Sirs,

We report on the unaudited pro forma financial information of Unity Investments Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) set out in page 63 under the heading of statement of unaudited pro forma consolidated net tangible assets of the Group in Appendix II of the Company’s prospectus dated 24 April 2007 (the “Prospectus”) in connection with the proposed rights issue (the “Rights Issue”) of the Company on the Main Board of The Stock Exchange of Hong Kong Limited. The unaudited pro forma financial information has been prepared by the directors of the Company (the “Directors”), for illustrative purposes only, to provide information about how the Rights Issue might have affected the relevant financial information of the Group as at 30 June 2006. The basis of preparation of the pro forma financial information is set out on page 63 to the Prospectus.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND REPORTING ACCOUNTANTS

It is the responsibility solely of the Directors of the Company to prepare the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

It is our responsibility to form an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

BASIS OF OPINION

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements (HKSIR) 300 “Accountants’ Reports on Pro Forma Financial Information in Investment Circulars” issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma financial information with the Directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the pro forma financial information has been properly compiled by the Directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

The unaudited pro forma financial information is for illustrative purposes only, based on the judgements and assumptions of the Directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Group as at 30 June 2006 or any future date.

OPINION

In our opinion:

- a. the unaudited pro forma financial information has been properly compiled by the Directors of the Company on the basis stated;
- b. such basis is consistent with the accounting policies of the Group; and
- c. the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Yours faithfully,
Moores Rowland Mazars
Chartered Accountants
Certified Public Accountants
Hong Kong

1. RESPONSIBILITY STATEMENT

This Prospectus includes particulars given in compliance with the Listing Rules for the purpose of giving information with respect to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date were as follows:

<i>Authorised:</i>		<i>HK\$</i>
<u>5,000,000,000</u>	Shares	<u>500,000,000.00</u>
<i>Issued and fully paid or credited as fully paid:</i>		<i>HK\$</i>
<u>119,499,116</u>	Shares as at the Latest Practicable Date	<u>11,949,911.60</u>
<i>Issued share capital upon completion of the Rights Issue (assuming no further Shares were issued from the Latest Practicable Date to the completion date of the Rights Issue):</i>		<i>HK\$</i>
<u>1,314,490,276</u>	Shares	<u>131,449,027.60</u>

All of the Shares currently in issue rank pari passu in all respects with each other, including, in particular, as to dividends, voting rights and capital. The Shares in issue are listed on the Stock Exchange.

All of the Rights Shares to be issued will rank pari passu in all respect with each other, including, in particular, as to dividends, voting rights and capital, and with all Shares in issue as at the date of allotment and issue of the Rights Shares. The Rights Shares to be issued will be listed on the Stock Exchange.

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

Dealings in the shares of the Company may be settled through CCASS and you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser for details of these settlement arrangements and how such arrangements may affect your rights and interest.

The Company had no other outstanding share options, warrants or convertible securities as at the Latest Practicable Date.

3. DISCLOSURE OF INTERESTS

(a) Interests of Directors

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO).

Long positions in Shares

Name of Director	Capacity	Number of Shares	Approximate % of shareholding
Mr. CHUNG Wilson	Beneficial owner	2,600,000	2.18%
Mr. KITCHELL Osman Bin	Beneficial owner	1,100,000	0.92%
Ms. CHOI Ka Wing	Beneficial owner	1,654,700	1.38%
Mr. WONG Man Hon, Frederick (<i>Note 1</i>)	Beneficial owner	63,349,000	4.82%

Note 1: This figure includes 5,759,000 Shares held by Mr. Wong as at the Latest Practicable Date and the 57,590,000 Rights Shares he has undertaken to accept under the Rights Issue.

(b) Interests of substantial Shareholders

As at the Latest Practicable Date, so far as is known to the Directors and the chief executive of the Company, Shareholders (other than a Director or chief executive of the Company) who had an interest or short position in the Shares and underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who are, directly or indirectly interested in 5 per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at a general meeting of any member of the Group were as follows:

Name of Shareholder	Capacity	Number of Shares	Approximate % of shareholding
Heritage International Holdings Limited <i>(note 1)</i>	Interest in controlled corporation	92,950,000	7.07%
Dollar Group Limited <i>(note 1)</i>	Beneficial owner	92,950,000	7.07%
Coupeville Limited <i>(note 1)</i>	Interest in controlled corporation	92,950,000	7.07%
Radford Capital Investment Limited <i>(note 2)</i>	Interest in controlled corporation	114,323,000	8.70%
Get Nice Holdings Limited <i>(note 3)</i>	Interest in controlled corporation	948,971,160	72.19%
Get Nice Incorporated <i>(note 3)</i>	Interest in controlled corporation	948,971,160	72.19%
Honeylink Agents Limited <i>(note 3)</i>	Interest in controlled corporation	948,971,160	72.19%
Freeman Corporation Limited <i>(note 4)</i>	Interest in controlled corporation	384,152,381	29.22%

Notes:

- Heritage International Holdings Limited (stock code: 412), a company listed on the Stock Exchange, 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. This figure includes 8,450,000 Shares held by Dollar Group as at the Latest Practicable Date and 84,500,000 Rights Shares, it has undertaken to accept under the Rights Issue.

2. Radford Capital Investment Limited (stock code: 901), a company listed on the Stock Exchange is interested in the share capital of the Company indirectly through its direct wholly-owned subsidiary, Winning Horsee Limited. This figure includes 10,393,000 Shares held by Winning Horsee as at the Latest Practicable Date and 103,930,000 Rights Shares, it has undertaken to accept under the Rights Issue.
3. The 948,971,160 Shares are the Rights Shares which the Underwriter has underwritten in respect of the Rights Issue. The Underwriter is wholly-owned by Get Nice Incorporated, which is in turn wholly-owned by Get Nice Holdings Limited. Get Nice Holdings Limited is owned as to approximately 30.85% by Honeylink Agents Limited.
4. This includes (i) 2,950,200 Shares held by Smart Jump Corporation, which is indirectly wholly-owned by Freeman Corporation Limited and (ii) 381,202,181 Shares which Chung Nam Securities Limited (“Chung Nam”) has sub-underwritten in respect of the Rights Issue. Chung Nam is indirectly wholly-owned by Hennabun Management International Limited (“HMIL”). Freeman Corporation Limited holds 48.96% of the issued share capital of HMIL and is therefore deemed to be interested in such shares.

Save as disclosed above, as at the Latest Practicable Date, the Directors and the chief executive of the Company are not aware that there is any person (other than a Director or chief executive of the Company) who had any interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who are, directly or indirectly interested in 5 per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at a general meeting of any member of the Group.

4. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors nor their respective associates had any business or interest that competes or may compete directly or indirectly with the business of the Group or any other conflicts of interest with the Group.

5. LITIGATION

As at Latest Practicable Date, neither the Company nor other members of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

6. SERVICE CONTRACTS

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

7. EXPERT

The following are the qualifications of the expert who has given advices or opinions in this Prospectus:

Name	Qualification
Moores Rowland Mazars	Chartered Accountants Certified Public Accountants

Moores Rowland Mazars has given and has not withdrawn its written consent to (i) the issue of this Prospectus with the inclusion of its letter as set out in this Prospectus; and (ii) any reference to its name in the form and context in which it appears.

As at the Latest Practicable Date, Moores Rowland Mazars was not beneficially interested in the share capital of any member of the Group nor had any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group nor had any interest, either direct or indirect, in any assets which had been, since 31 December 2005, the date to which the latest published audited financial statements of the Company were made up, acquired by or disposed of or leased to or were proposed to be acquired by or disposed of or leased to any member of the Company.

8. EXPENSES

The expenses in connection with the Rights Issue, including underwriting commission, printing, registration, translation, legal and accountancy charges are estimated to amount to approximately HK\$4.5 million and are payable by the Company.

9. PARTICULAR OF DIRECTORS

Name	Address
CHUNG Wilson	Unit 2103, 21st Floor China United Centre 28 Marble Road North Point Hong Kong

KITCHELL Osman Bin	Unit 2103, 21st Floor China United Centre 28 Marble Road North Point Hong Kong
CHOI Ka Wing	Unit 2103, 21st Floor China United Centre 28 Marble Road North Point Hong Kong
WONG Man Hon, Frederick	Flat A, 8th Floor 163 Building 163 Hennessy Road Wanchai Hong Kong
CHUNG Kong Fei, Stephen	33 Shuicheng Rd. South, Shanghai 201103 China
TSANG Wing Ki	Unit 3302, 33rd Floor Lippo Centre, Tower 2 89 Queensway, Admiralty Hong Kong
CHEN Henri Wei Hwa	F/16N Wan Hao Int'l Building No.5 Ling Tong Guan Yong An Xi Li, Ave Jian Guo Men Wai Chao Yang District Beijing 100022 China

Executive Directors

Mr. CHUNG Wilson, aged 54, obtained a Master Degree in Science and a Master Degree in Business Administration (with Honors) from Cornell Graduate School of Business Administration, the United States of America. He has over 23 years experience in corporate finance and banking. Mr. CHUNG was appointed as an executive Director of the Company on 12 June 2006.

Mr. KITCHELL Osman Bin, aged 42 and a Canadian citizen, obtained an honorary diploma from Pickering College in Canada and studied Economics in the University Toronto, Canada. Mr. KITCHELL is a veteran investor mainly in the Hong Kong equity market with approximately 10 years experience. He has been an investor managing a private family fund. Mr. KITCHELL was appointed as an executive Director of the Company on 10 January 2005.

Ms. CHOI Ka Wing, aged 24, completed her high school education in Hong Kong and had further her studies at Perth Institute of Business and Technology in Perth, Australia. Ms. CHOI had had extensive experience in the food and beverage and entertainment businesses. Ms. CHOI was appointed as an executive Director of the Company on 9 October 2006.

Non-executive Director

Mr. WONG Man Hon, Frederick, aged 48, received his education in Hong Kong and has more than 29 years experience in treasury operations and capital markets. He had been a treasurer for an international bank and for a major transportation company prior to becoming the General Manger of an American investment bank in Taiwan and a director of a Taiwan investment fund. Mr. WONG is a managing director of U.B.C. (HK) Commercial Consulting Agency Ltd., a private company which is engaged in the businesses of commercial consulting and investments. Mr. WONG has been appointed as an executive Director of the Company on 24 January 2006 and with effect from 13 June 2006 served the Company as non-executive Director.

Independent Non-executive Directors

Mr. CHUNG Kong Fei, Stephen, aged 50, obtained a Bachelor Degree of Science from the Wharton School of Business, University of Pennsylvania, U.S.A. Mr. CHUNG is one of the founders and executive directors of SDM Dental Inc., an investment holding company which operating dental clinics in the PRC. Mr. CHUNG has extensive experience in investments in the PRC. Mr. CHUNG is an independent non-executive director of Computech Holdings Limited, a publicly listed company in Hong Kong. Mr. CHUNG was appointed as an independent non-executive Director of the Company on 16 March 2004.

Mr. TSANG Wing Ki, aged 45, graduated from The Hong Kong Polytechnic University with a Master Degree in Professional Accounting. Mr. TSANG is a fellow member of both the Hong Kong Institute of Certified Public Accountants and the Associated of Chartered Certified Accountants. He has more than 18 years experience in the accounting profession. Mr. TSANG was appointed as an independent non-executive Director of the Company on 23 September 2004.

Mr. CHEN Henri Wei Hwa, aged 31, obtained a Master of Economics, specializing in info systems, from the Plekhanov Russian Academy of Economics in Moscow and a MBA from the National Chengchi University in Taipei. Mr. CHEN had worked for United World Chinese Commercial Bank and Prudential Bache Financial in Taipei, acquiring expertise in asset management advice for high net worth individuals. Mr. CHEN has proven experience as a corporate strategist and adviser in the information systems industry and the luxury business. He has been a partner of Kappa Ventures since December 2005. Mr. CHEN was appointed as an independent non-executive Director of the Company on 28 June 2006.

10. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE OFFER

Registered Office of the Company	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Head office and principal place of business of the Company in Hong Kong	Unit 2103, 21st Floor China United Centre 28 Marble Road North Point Hong Kong
The Hong Kong branch registrar and transfer office of the Company	Tengis Limited 26th Floor, Tesbury Centre 28 Queen's Road East Wanchai Hong Kong
Legal advisers to the Company	Richards Butler 20th Floor, Alexandra House 16-20 Chater Road Central Hong Kong

Auditors

Moore's Rowland Mazars
Chartered Accountants
Certified Public Accountants
34th Floor, The Lee Gardens
33 Hysan Avenue
Causeway Bay
Hong Kong

Principal bankers

Chong Hing Bank Limited
Chong Hing Bank Centre
24 Des Voeux Road Central
Hong Kong

Authorised representatives

CHUNG Wilson
Unit 2103, 21st Floor
China United Centre
28 Marble Road
North Point
Hong Kong

KITCHELL Osman Bin
Unit 2103, 21st Floor
China United Centre
28 Marble Road
North Point
Hong Kong

Company Secretary

LIU Tsui Fong
Unit 2103, 21st Floor
China United Centre
28 Marble Road
North Point
Hong Kong

11. MATERIAL CONTRACTS

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

- (i) an agreement dated 19 May 2005 entered into between the Company and Get Nice Investment Limited regarding a placing of 87,978,000 new Shares at a placing price of HK\$0.041 per share. Details of which have already been disclosed in the announcement of the Company dated 20 May 2005;
- (ii) an agreement dated 19 May 2005 entered into between the Company and Get Nice Investment Limited regarding a placing of convertible notes in an aggregate principal amount of HK\$20 million. The convertible notes carried a right to convert into new shares at the conversion price of HK\$0.05 per Share. Details of which have already been disclosed in the announcement of the Company dated 20 May 2005;
- (iii) an underwriting agreement dated 25 July 2005 entered into between the Company and Get Nice Investment Limited regarding a rights issue of not less than 52,787,600 rights shares and not more than 92,787,600 rights shares at a price of HK\$0.1 per rights share. Details of which have already been disclosed in the announcement of the Company dated 26 July 2005;
- (iv) an agreement dated 1 December 2005 entered into between the Company and Chung Nam Securities Limited regarding a placing of 250,000,000 placing shares at a placing price of HK\$0.14 per placing share. Details of which have already been disclosed in the announcement of the Company dated 7 December 2005;
- (v) an agreement dated 2 May 2006 entered into between the Company and Chung Nam Securities Limited regarding placing of 145,000,000 placing shares at a placing price of HK\$0.2 per placing share. Details of which have already been disclosed in the announcement of the Company dated 4 May 2006;
- (vi) an agreement (“Share Subscription Agreement”) dated 30 June 2006 entered into between Ample Spring International Limited (“Ample Spring”) , a wholly-owned subsidiary of the Company, Hong Kong Copper Mine Holding Limited (“Hong Kong Copper Mine”) and Copper Mine (Xinyang) Company Limited regarding an investment in a copper mine project in PRC by subscription of new shares in Hong Kong Copper Mine at the subscription price of HK\$20 million by Ample Spring. Details of which have been disclosed in the announcement of the Company dated 30 June 2006. Further reference is made to the announcement of the Company dated 9 November 2006 whereby the Company has announced that the conditions precedent to the Share Subscription Agreement were not fulfilled on 6 November 2006. The Company is currently seeking legal advice on this matter and the Board considers that the Share Subscription Agreement has lapsed and no longer valid. The Company should have no further commitment on the agreement; and
- (vii) the Underwriting Agreement.

Save as aforesaid, no material contracts (not being contracts entered into in the ordinary course of business) had been entered into by any member of the Group within the two years immediately preceding the date of the Prospectus which are or may be material.

12. GENERAL

- (i) The company secretary of the Company is LIU Tsui Fong, a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants, the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries.
- (ii) The qualified accountant of the Company appointed under Rule 3.24 of the Listing Rules is LIU Tsui Fong, a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants.
- (iii) None of the Directors has, or has had, any direct or indirect interest in any assets which have been acquired, disposed of or leased to or which are proposed to be acquired, disposed of or leased to the Company or any of their respective subsidiaries, respectively, since 31 December 2005, the date to which the latest published audited financial statements of the Group were made up.
- (iv) There is no contract or arrangement entered into by any member of the Group, subsisting as at the date of this Prospectus in which any of the Directors is materially interested and which is significant in relation to the business of the Group as a whole.
- (v) In case of inconsistency, the English text of this Prospectus shall prevail over the Chinese text.

13. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

A copy of each of the Prospectus Documents and the written consent of Moores Rowland Mazars referred to in the paragraph headed “Expert” in this appendix have been delivered to the Registrar of Companies in Hong Kong pursuant to section 342C of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong).

14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the head office and principal place of business of the Company in Hong Kong at Unit 2103, 21st Floor, China United Centre, 28 Marble Road, North Point, Hong Kong from the date of this Prospectus up to and including 22 May 2007:

- (i) the memorandum and articles of association of the Company;
- (ii) the annual reports of the Company for the three financial years ended 31 December 2003, 31 December 2004 and 31 December 2005;
- (iii) the interim report of the Group for the six months ended 30 June 2006;
- (iv) the report from Moores Rowland Mazars on unaudited pro forma financial information of the Group dated 24 April 2007, the text of which is set out on pages 64 and 65 of the Prospectus;
- (v) the Underwriting Agreement;
- (vi) the written consents referred to in paragraph headed “Expert” in this appendix; and
- (vii) all material contracts referred to in the paragraph headed “Material contracts” in this appendix.