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If you are in doubt as to any aspect of this circular 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 this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

This circular is addressed to the Shareholders of the Company for information only. **This circular is not and does not constitute an offer of, nor is it intended to invite offers for, securities of the Company.**



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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 913)

PROPOSED CAPITAL REORGANISATION, PROPOSED RIGHTS ISSUE ON THE BASIS OF FIVE RIGHTS SHARES FOR EVERY ADJUSTED SHARE HELD ON RECORD DATE BY QUALIFYING SHAREHOLDERS AND NOTICE OF EXTRAORDINARY GENERAL MEETING

Underwriter



h e n n a b u n

CHUNG NAM SECURITIES LIMITED

**Independent financial adviser to the Independent Board Committee
and the Independent Shareholders**



Menlo Capital Limited

It should be noted that the Shares will be dealt in on an ex-rights basis from Friday, 18 April 2008. Dealings in the Rights Shares in the nil-paid form will take place from Friday, 2 May 2008 to Friday, 9 May 2008 (both dates inclusive). If the conditions of the Rights Issue are not fulfilled or the Underwriting Agreement is terminated by the Underwriter, the Rights Issue will not proceed. Any dealing in Shares or nil-paid Rights Shares during the period from Friday, 2 May 2008 to Friday, 9 May 2008 will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

A notice convening an EGM of Unity Investments Holdings Limited to be held at 30th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong at 9:00 a.m. on Wednesday, 30 January 2008 is set out on pages 104 to 107 of this circular. Whether or not you are able to attend the meeting in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and deposit it to the share registrar, Tricor Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

A letter of advice from Menlo Capital Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, is set out on pages 37 to 50 of this circular. The letter of the Independent Board Committee is set out on page 36 of this circular.

It should be noted that the Underwriting Agreement contains provisions entitling the Underwriter, by notice in writing to the Company, to terminate the obligations of the Underwriter if 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 hereof) 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.

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 clauses of the Underwriting Agreement of, 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 relevant clauses of 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 in the relevant clauses 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.

7 January 2008

CONTENTS

	<i>Page</i>
Definitions	1
Expected timetable of the Capital Reorganisation and the Rights Issue	6
Termination of the Underwriting Agreement	9
Letter from the Board	11
Letter from the Independent Board Committee	36
Letter from Menlo Capital	37
Appendix I: Financial and other information	51
Appendix II: Pro forma financial information	90
Appendix III: General information	94
Notice of extraordinary general meeting	104

DEFINITIONS

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

“Acceptance Date”	4:00 p.m. on 15 May 2008 (or such other date as the Underwriter may agree in writing with the Company as the latest date for acceptance of, and payment of, Rights Shares)
“Adjustment Proposal”	the proposal to be put forward to Shareholders for (i) the reduction in nominal value of the Shares from HK\$0.10 each to HK\$0.01 each by cancelling HK\$0.09 paid up on each Share; and (ii) the application of the credit arising from the reduction to cancel the accumulated losses of the Company (if any) and to transfer the entire amount or the balance (as the case may be) to the distributable capital reduction reserve account of the Company and as described under the section headed “Proposed Capital Reorganisation” in this circular
“Adjusted Shares”	ordinary share(s) of HK\$0.10 each in the capital of the Company immediately after the Capital Reorganisation becoming effective
“associate”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	a full day (other than a Saturday and Sunday) on which banks are generally open for business in Hong Kong
“Capital Reorganisation”	the Adjustment Proposal and the Share Consolidation
“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 whose shares are listed on the Stock Exchange

DEFINITIONS

“Connected Person(s)”	has the meaning ascribed thereto in the Listing Rules
“Court”	the Grand Court of the Cayman Islands
“Director(s)”	director(s) of the Company
“EAF”	the excess application form(s) to be issued in connection with the Rights Issue
“EGM”	the extraordinary general meeting of the Company to be convened on Wednesday, 30 January 2008 at 9:00 a.m. at 30th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong to approve the Capital Reorganisation and the Rights Issue
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee of the Company comprising the independent non-executive Directors, namely Mr. CHUNG Kong Fei, Stephen, Mr. TSANG Wing Ki and Ms. SWARTZ Kristi Lynn
“Independent Shareholders”	Shareholders other than the controlling Shareholders and their associates or, where there are no controlling Shareholders, the Directors and the chief executive of the Company and their respective associates
“Issue Mandate”	the general mandate granted to the Directors to allot, issue and deal with the Shares up to a maximum of 20% of the aggregate amount of the share capital of the Company in issue as at the date of the extraordinary general meeting of the Company held on 5 December 2007

DEFINITIONS

“Last Trading Day”	7 December 2007, being the last trading day before the suspension of the trading of the Shares, pending the release of the announcement dated 12 December 2007 in relation to the proposed Capital Reorganisation and the proposed Rights Issue
“Latest Practicable Date”	2 January 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Menlo Capital”	Menlo Capital Limited, a corporation licensed to carry out business in type 6 (advising on corporate finance) regulated activity under the SFO, which is not a Connected Person of the Company, and is the independent financial adviser to the Independent Board Committee and the Independent Shareholders
“Non-Qualifying Shareholder(s)”	Shareholder(s) whose names appear on the register of members of the Company on the Record Date and whose address(es) as shown on such register is/are in a place(s) outside Hong Kong in respect of whom the Directors consider the exclusion from the Rights Issue to be necessary or expedient 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
“Option(s)”	the share option(s) to subscribe up to an aggregate of 313,159,562 Shares pursuant to the scheme mandate limit available to the Company under the Share Option Scheme as at the Latest Practicable Date pursuant to the Share Option Scheme
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear on the register of members of the Company at the close of business on the Record Date and whose address(es) as shown on such register is/are in a place(s) outside Hong Kong

DEFINITIONS

“PAL(s)”	the provisional allotment letter(s) to be issued in connection with the Rights Issue
“Posting Date”	29 April 2008, 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)
“PRC”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Prospectus”	the prospectus to be issued by the Company containing details of the Rights Issue
“Prospectus Documents”	the Prospectus, PAL and EAF
“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 at the close of business on the Record Date
“Record Date”	28 April 2008, being the date or such other date as the Underwriter may agree in writing with the Company by reference to which entitlements to the Rights Issue are expected to be determined
“Reduced Shares”	ordinary shares of HK\$0.01 each in the capital of the Company upon completion of the Adjustment Proposal
“Registrar”	Tricor Tengis Limited, whose registered address is 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong
“Rights Issue”	the issue by way of rights of five Rights Shares for every one Adjusted Share in issue on the Record Date at a price of HK\$0.12 per Rights Share
“Rights Share(s)”	new Adjusted Share(s) to be issued and allotted under the Rights Issue, being not less than 1,565,797,810 Adjusted Shares and not more than 2,035,537,155 Adjusted Shares

DEFINITIONS

“Settlement Date”	19 May 2008, the date being the second Business Day following the Acceptance Date (or such other date as the Underwriter may agree in writing with the Company)
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	existing share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s), Reduced Share(s) or Adjusted Share(s) (as the case may be)
“Share Consolidation”	the consolidation of every ten Reduced Shares of HK\$0.01 in the capital of the Company into one Adjusted Share
“Share Option Scheme”	the share option scheme of the Company adopted on 2 May 2003
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Underwriter”	Chung Nam Securities Limited, a corporation deemed licensed under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) to carry out type 1 regulated activity (dealing in securities), which is not a Connected Person of the Company
“Underwriting Agreement”	the underwriting agreement dated 10 December 2007 (as amended by a supplemental agreement dated 12 December 2007) entered into between the Company and the Underwriter in relation to the underwriting and certain other arrangements in respect of the Rights Issue
“%” or “per cent.”	percentage or per centum

EXPECTED TIMETABLE OF THE CAPITAL REORGANISATION AND THE RIGHTS ISSUE

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

2008

Last day of dealings in Shares on a cum-rights basis	Thursday, 17 April
First day of dealings in Shares on an ex-rights basis	Friday, 18 April
Latest time for lodging transfers of Shares in order to qualify for Rights Issue	4:30 p.m., Monday, 21 April
Register of members to be closed	Tuesday, 22 April to Monday, 28 April (both dates inclusive)
Record Date	Monday, 28 April
Effective date of the Capital Reorganisation	after 4:00 p.m., Monday, 28 April
Register of members to be re-opened	Tuesday, 29 April
Prospectus Documents to be posted	Tuesday, 29 April
Commencement of dealings in Adjusted Shares	Tuesday, 29 April
Original counter for trading in Shares (in board lots of 4,000 Shares) to be closed	9:30 a.m., Tuesday, 29 April
Temporary counter for trading in Adjusted Shares in board lots of 400 Adjusted Shares (in form of existing share certificates) to be opened	9:30 a.m., Tuesday, 29 April
Free exchange of existing share certificates for new share certificates for the Adjusted Shares commences	Tuesday, 29 April
First day of dealings in nil-paid Rights Shares	Friday, 2 May
Latest time for splitting of nil-paid Rights Shares	4:30 p.m., Tuesday, 6 May

EXPECTED TIMETABLE OF THE CAPITAL REORGANISATION AND THE RIGHTS ISSUE

Last day of dealings in nil-paid Rights Share	Friday, 9 May
Latest time for payment for and acceptance of Rights Shares	4:00 p.m., Thursday, 15 May
Designated broker starts to stand in the market to provide matching services for the sale and purchase of odd lots of Adjusted Shares	9:30 a.m., Thursday, 15 May
Original counter for trading in Adjusted Shares (in board lots of 4,000 Adjusted Shares) to be re-opened	9:30 a.m., Thursday, 15 May
Parallel trading in Adjusted Shares (in form of new and existing certificate) begins	9:30 a.m., Thursday, 15 May
Rights Issue expected to become unconditional	after 4:00 p.m., Monday, 19 May
Announcement of results of acceptance and excess application of the Rights Issue	Wednesday, 21 May
Despatch of refund cheques for wholly and partially unsuccessful excess applications	Thursday, 22 May
Despatch of certificates for fully-paid Rights Shares	Thursday, 22 May
First day of dealings in the fully-paid Rights Shares	Monday, 26 May
Temporary counter for trading in Adjusted Shares in board lots of 400 Adjusted Shares (in form of existing share certificates) to be closed	4:00 p.m., Thursday, 5 June
Parallel trading in Adjusted Shares (in form of new and existing certificate) ends	4:00 p.m., Thursday, 5 June
Designated broker ceases to stand in the market to provide matching services for the sale and purchase of odd lots of Adjusted Shares	4:00 p.m., Thursday, 5 June
Free exchange of existing share certificates for new share certificates ends	4:00 p.m., Wednesday, 11 June

EXPECTED TIMETABLE OF THE CAPITAL REORGANISATION AND THE RIGHTS ISSUE

Notes:

- (i) All times and dates in this circular refer to Hong Kong local times and dates. Dates or deadlines specified in expected timetable above are indicative only. Any changes to the expected timetable will be published or notified to Shareholders appropriately.
- (ii) The timetable above depends on the results of the EGM and the relevant Court hearings and the dates are therefore tentative.
- (iii) There is around three months gap between the expected date and time of EGM (i.e. 30 January 2008) and the Record Date (i.e. 28 April 2008) because the Capital Reorganisation requires an approximately three months to obtain an approval from the Court in order to become effective after 4:00 p.m. on 28 April 2008.
- (iv) Latest time for acceptance of and payment for Rights Shares will not take place if there is:
 - a tropical cyclone warning signal number 8 or above; or
 - a “black” rainstorm warning
 - (a) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the last acceptance date as stated above. Instead the latest time of acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day;
 - (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the last acceptance date as stated above. Instead, the latest time of acceptance of and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day on which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m..

TERMINATION OF THE UNDERWRITING AGREEMENT

TERMINATION OF THE UNDERWRITING AGREEMENT

It should be noted that the Underwriting Agreement contains provisions entitling the Underwriter by notice in writing to the Company to terminate the obligations of the Underwriter if 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 hereof) 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.

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 clauses of the Underwriting Agreement of, 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 relevant clauses of 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 in the relevant clauses 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

Independent non-executive Directors:

Mr. CHUNG Kong Fei, Stephen

Mr. TSANG Wing Ki

Ms. SWARTZ Kristi Lynn

Registered office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Principal place of business

in Hong Kong:

Unit 2103, 21st Floor

China United Centre

28 Marble Road

North Point

Hong Kong

7 January 2008

To the Shareholders

Dear Sir or Madam,

**PROPOSED CAPITAL REORGANISATION
AND
PROPOSED RIGHTS ISSUE
ON THE BASIS OF
FIVE RIGHTS SHARES FOR EVERY ADJUSTED SHARE
HELD ON RECORD DATE
BY QUALIFYING SHAREHOLDERS**

I. INTRODUCTION

On 12 December 2007, the Board announced that it proposed to effect the Capital Reorganisation and the Rights Issue.

LETTER FROM THE BOARD

1. Proposed Capital Reorganisation

The Company proposes to effect the Capital Reorganisation which will comprise (i) the reduction in nominal value of the Shares from HK\$0.10 each to HK\$0.01 each by cancelling HK\$0.09 paid up on each Share; (ii) the application of the credit arising from the reduction to cancel the accumulated losses of the Company (if any) and for the entire amount or the balance (as the case may be) to be transferred to the distributable capital reduction reserve account of the Company; and (iii) the consolidation of every ten Reduced Shares of HK\$0.01 in the capital of the Company into one Adjusted Share.

The Capital Reorganisation is conditional upon, inter alia, the approval of the Capital Reorganisation by Shareholders at the EGM and the approval of the Adjustment Proposal by the Court.

2. Proposed Rights Issue

Subject to the Capital Reorganisation becoming effective, the Company proposes to raise approximately HK\$187.90 million before expenses (assuming no Option is granted and the Issue Mandate is not utilised on or before the Record Date) to approximately HK\$244.26 million before expenses (assuming all the Options are granted and fully exercised and full utilisation of the Issue Mandate on or before the Record Date) by way of the Rights Issue of issuing not less than 1,565,797,810 Rights Shares and not more than 2,035,537,155 Rights Shares at a price of HK\$0.12 per Rights Share payable in full on acceptance.

The Company will provisionally allot five Rights Shares in nil-paid form for every Adjusted Share held by the Qualifying Shareholders on the Record Date. The Rights Issue is not available to the Non-Qualifying Shareholders.

The estimated net proceeds of the Rights Issue will be between approximately HK\$182.20 million (assuming no Option is granted and the Issue Mandate is not utilised on or before the Record Date) to HK\$237.16 million (assuming all the Options are granted and fully exercised and full utilisation of the Issue Mandate on or before the Record Date). The Company plans to use the net proceeds for investment purposes pursuant to the investment objectives adopted by the Company. As at the Latest Practicable Date, the Company has not identified any specific investment opportunities.

The Rights Issue is subject to the Independent Shareholders' approval by way of poll at the EGM. The Independent Board Committee has been established to advise the Independent Shareholders with regard to the Rights Issue. Menlo Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the Rights Issue.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among others, (i) the details of the Capital Reorganisation and the Rights Issue; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders on the Rights Issue; (iii) the recommendation from Menlo Capital to the Independent Board Committee and the Independent Shareholders on the Rights Issue; and (iv) the notice of EGM.

II. PROPOSED CAPITAL REORGANISATION

It is proposed that:

- (i) the nominal value of all the issued Shares be reduced from HK\$0.10 each to HK\$0.01 each by cancelling HK\$0.09 paid up on each issued Shares by way of a reduction of capital;
- (ii) the application of the credit arising from the reduction to cancel the accumulated losses of the Company (if any) and for the entire amount or the balance (as the case may be) to be transferred to the distributable capital reduction reserve account of the Company; and
- (iii) every ten Reduced Shares of HK\$0.01 each be consolidated into one Adjusted Share of HK\$0.10 each.

1. Effects of the Capital Reorganisation

Assuming that no further Shares are issued prior to the EGM, the issued share capital of the Company will be reduced from HK\$313,159,562.90 to HK\$31,315,956.29 by cancelling HK\$0.09 paid up on each issued Share. A credit of approximately HK\$281,843,607 will arise as a result of the Adjustment Proposal. The credit will be used to cancel the accumulated losses of the Company (if any) and the entire amount or the balance (as the case may be) to be transferred to the distributable capital reduction reserve account of the Company. As per the 2007 interim report of the Company, the accumulated profits of the Group as at 30 June 2007 was approximately HK\$84 million. If the Company has accumulated profits based on the latest available management accounts at the time of approval the Capital Reorganisation by the Court, the entire amount of the credit arising from the reduction will be transferred to the distributable capital reduction reserve account of the Company.

LETTER FROM THE BOARD

The existing authorised share capital is HK\$2,000,000,000 divided into 20,000,000,000 Shares. The existing issued share capital is HK\$313,159,562.90 divided into 3,131,595,629 Shares. Subject to the approval by the Shareholders of the Adjustment Proposal, the authorised share capital of the Company upon the Capital Reorganisation becoming effective will be HK\$2,000,000,000 comprising 20,000,000,000 Adjusted Shares, of which 313,159,562 Adjusted Shares will be in issue (not taking into account the Shares that may be issued pursuant to the exercise of the Options if the Options are granted under the scheme mandate limit available to the Company under the Share Option Scheme and the Issue Mandate). Fractional Adjusted Shares will not be issued to the Shareholders but will be aggregated and, if possible, sold for the benefit of the Company.

Other than the relevant expenses incurred (which includes underwriting commission, printing, registration, legal and accountancy fee, etc. and estimated to amount to approximately HK\$1 million), the implementation of the Capital Reorganisation will have no effect on the consolidated net asset value of the Group, nor will it alter the underlying assets, business, operations, management or financial position of the Company or the interests of the Shareholders, save that any fractional Adjusted Shares (if any), will not be issued to the Shareholders. The Directors believe that the Capital Reorganisation will not have any material adverse effect on the financial position of the Group.

The Adjusted Shares will rank *pari passu* in all respects with each other and the Capital Reorganisation will not result in any change in the relative rights of the Shareholders.

2. Reasons for the Capital Reorganisation

If the Company has accumulated losses upon the time of approval of the Capital Reorganisation by the Court, the credit arising from the reduction will be used to cancel the accumulated losses of the Company and the Adjustment Proposal will bring forward the time the Company is in a position to declare and pay dividends. Since 22 November 2007, the Shares have been trading at prices below their nominal value of HK\$0.10 each. The proposed Capital Reorganisation will reduce the total number of Shares currently in issue and is also required for the compliance with Rule 13.64 of the Listing Rules. As such, it is expected to bring about a corresponding upward adjustment in the trading price of the Adjusted Shares on the Stock Exchange, which will reduce the overall transaction costs for dealings in the Adjusted Shares and allow flexibility for the issue of new Shares to facilitate fund raising exercises in future. Accordingly, the Board is of the view that the Capital Reorganisation is beneficial to the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

3. Conditions of the Capital Reorganisation

The Capital Reorganisation (which will be effective in accordance with the Articles of Association of the Company and the Companies Law of the Cayman Islands) is conditional upon:

- (i) the passing of a special resolution to approve the Capital Reorganisation by Shareholders at the EGM;
- (ii) approval of the Adjustment Proposal to the extent required by the Court;
- (iii) compliance with any conditions imposed by the Court; and
- (iv) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Adjusted Shares in issue upon the Capital Reorganisation becoming effective.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Adjusted Shares and any Adjusted Shares which may be issued upon the exercise of Options under the Share Option Scheme.

4. Expected effective date of the Capital Reorganisation

Subject to the above conditions being fulfilled, the Capital Reorganisation is expected to become effective after 4:00 p.m. on 28 April 2008.

5. Trading arrangement

The Shares are currently traded in board lots of 4,000 Shares each and the market value per board lot of the Shares is HK\$376, based on the closing price of HK\$0.094 per Share as quoted on the Stock Exchange on the Last Trading Day. Assuming the Capital Reorganisation becomes effective, the Adjusted Shares will be traded in board lots of 4,000 Adjusted Shares and the estimated market value per board lot of the Adjusted Shares will be HK\$3,760, based on the closing price of HK\$0.94 per Adjusted Share (based on the closing price of HK\$0.094 per Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Share Consolidation).

LETTER FROM THE BOARD

Subject to the Capital Reorganisation, the Shareholders may, during a period to be specified in the section headed “Expected timetable” in this circular, submit certificates for the Shares to the Company’s share registrar for exchange, at the expense of the Company, for certificates for the Adjusted Shares. Thereafter, certificates for the Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may from time to time be allowed by the Stock Exchange) for each certificate issued or cancelled, whichever is higher. Certificates for the Shares will continue to be evidence of legal title and may be exchanged for certificates for Adjusted Shares at any time at the expense of the Shareholders.

In order to alleviate the difficulties arising from the existence of odd lots of Adjusted Shares, the Company has agreed to procure an arrangement with the Underwriter to stand in the market to provide matching services for the odd lots of Adjusted Shares on the best effort basis, during the period from 15 May 2008 to 5 June 2008 (both dates inclusive). Holders of the Adjusted Shares in odd lots who wish to take advantage of this matching facility either to dispose of their odd lots of Adjusted Shares or to top up to a board lot of 4,000 Adjusted Shares, may contact Mr. Cecil Chan of the Underwriter at 31st Floor, China United Centre, 28 Marble Road, North Point, Hong Kong at telephone number (852) 3198 0838 during office hours.

III. PROPOSED RIGHTS ISSUE

The Rights Issue is proposed to take place after the Capital Reorganisation becoming effective.

1. Issue statistics

Basis of the Rights Issue	:	five Rights Shares for every Adjusted Share held on the Record Date
Number of Shares in issue	:	3,131,595,629 Shares as at the Latest Practicable Date
Number of Adjusted Shares in issue upon the Capital Reorganisation becoming effective	:	313,159,562 Adjusted Shares (assuming no Option is granted and the Issue Mandate is not utilised on or before the Record Date) or 407,107,431 Adjusted Shares (assuming all the Options are granted and fully exercised and full utilisation of the Issue Mandate on or before the Record Date) (<i>Note</i>)

LETTER FROM THE BOARD

Number of Rights Shares : not less than 1,565,797,810 Rights Shares (assuming no Option is granted and the Issue Mandate is not utilised on or before the Record Date) and not more than 2,035,537,155 Rights Shares (assuming all the Options are granted and fully exercised and full utilisation of the Issue Mandate on or before the Record Date) (*Note*)

Subscription price per Rights Share : HK\$0.12 per Rights Share with nominal value of HK\$0.10 each

Note:

As at the Latest Practicable Date, there are (i) Options to subscribe up to an aggregate of 313,159,562 Shares under the scheme mandate limit available to the Company under the Share Option Scheme; and (ii) the Issue Mandate, which authorises the Directors to issue and allot up to 626,319,125 Shares, has not been utilised. Assuming all of the Options are granted and fully exercised and full utilisation of the Issue Mandate on or before the Record Date, a total of 4,071,074,316 new Shares (equivalent to 407,107,431 Adjusted Shares) may fall to be issued and hence an additional 469,739,345 Rights Shares would be issued, in which the maximum number of Rights Shares that may be issued by the Company will become 2,035,537,155.

Save as mentioned above, the Company has no other outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares as at the Latest Practicable Date.

Assuming no Options are granted and the Issue Mandate is not utilised on or before the Record Date, the 1,565,797,810 nil-paid Rights Shares proposed to be provisionally allotted represent (a) 5 times of the Company's issued share capital upon completion of the Capital Reorganisation; and (b) approximately 83.33% of the Company's issued share capital upon completion of the Capital Reorganisation and as enlarged by the issue of the Rights Shares.

LETTER FROM THE BOARD

2. Qualifying Shareholders

The Company will send the Prospectus Documents to Qualifying Shareholders only.

To qualify for the Rights Issue, a Shareholder must:

- (i) be registered as a member of the Company at the close of business on the Record Date; and
- (ii) be a Qualifying Shareholder.

In order to be registered as members of the Company at the close of business on the Record Date, owners of Adjusted Shares must lodge any transfers of Adjusted Shares (together with the relevant share certificates) with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 21 April 2008.

3. Closure of register of members

The register of members of the Company will be closed from 22 April 2008 to 28 April 2008, both dates inclusive. No transfers of Adjusted Shares will be registered during this period.

4. Terms of the Rights Issue

(1) Subscription price

The subscription price for the Rights Shares is HK\$0.12 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, application for excess Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The subscription price represents:

- (i) a discount of about 87.23% to the adjusted closing price of HK\$0.94 per Adjusted Share (based on the closing price of HK\$0.094 per Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Share Consolidation);

LETTER FROM THE BOARD

- (ii) a discount of about 53.25% to the theoretical ex-rights price of approximately HK\$0.2567 per Adjusted Share (based on the closing price of HK\$0.094 per Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Share Consolidation);
- (iii) a discount of about 87.12% to the average adjusted closing price of approximately HK\$0.932 per Adjusted Share (based on the average closing price of HK\$0.0932 per Share for the five trading days ended on the Last Trading Day and adjusted for the effect of the Share Consolidation);
- (iv) a discount of about 86.56% to the average adjusted closing price of approximately HK\$0.893 per Adjusted Share (based on the average closing price of HK\$0.0893 per Share for the ten trading days ended on the Last Trading Day and adjusted for the effect of the Share Consolidation); and
- (v) a discount of about 80% to the adjusted closing price of HK\$0.6 per Adjusted Share (based on the closing price of HK\$0.06 per Share as quoted on the Stock Exchange on the Latest Practicable Date and adjusted for the effect of the Share Consolidation).

The subscription price for the Rights Shares was determined after arm's length negotiations between the Company and the Underwriter with reference to the market price of the Share prior to the Last Trading Day. The Directors consider the terms of the Rights Issue, including the subscription price, to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole. The Company is an investment company under Chapter 21 of the Listing Rules and its business is primarily the making of investments. It is important for the Company to have readily available cash to make investments as and when opportunities arise. Besides, the Board considers that in view of the volatile stock market conditions, the Company should seize this chance to secure equity funding for the shareholders and the Company as a whole given the underwriter has agreed to underwrite the Rights Issue. The Rights Issue also allows the Company to broaden its shareholders' base without diluting their corresponding shareholdings and allows the shareholder to participate in the long term growth of the Company at a lower price than the current market level.

Based on the theoretical ex-rights price of approximately HK\$0.2567 per Adjusted Share and the adjusted closing price of HK\$0.6 per Adjusted Share on the Latest Practicable Date, the market value per board lot of the Adjusted Shares upon completion of the Capital Reorganisation and the Rights Issue would be HK\$1,026.80 and HK\$2,400 respectively. The Company will change the board lot size to fulfil the minimum requirement of HK\$2,000 per board lot and arrange the change of board lot size to be effective before completion of the Capital Reorganisation and the Rights Issue if necessary. Further announcement regarding the change of board lot size will be issued if required.

LETTER FROM THE BOARD

(2) *Basis of provisional allotment*

The basis of the provisional allotment shall be five Rights Shares for every Adjusted Share, being not less than 1,565,797,810 Rights Shares and not more than 2,035,537,155 Rights Shares at a price of HK\$0.12 per Rights Share. Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the PAL and lodging the same with a remittance for the Rights Shares being applied for.

(3) *Status of the Rights Shares*

The Rights Shares, when allotted and fully paid, will rank *pari passu* in all respects with the Adjusted Shares then in issue. 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 allotment of the Rights Shares in their fully-paid form.

(4) *Rights of Overseas Shareholders*

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong and the Cayman Islands.

The Company is currently making enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders. If, based on legal opinions, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholders 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, the Rights Issue will not be available to such Overseas Shareholders. Further information in this connection will be set out in the Prospectus Documents containing, among other things, details of the Rights Issue, to be despatched to the Qualifying Shareholders as soon as practicable. The Company will send copies of the Prospectus to the Non-Qualifying Shareholders for their information only, but will not send any PAL and EAF to them.

Arrangements will be made for Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, of more than HK\$100 will be paid pro rata to the Non-Qualifying Shareholders. The Company will retain individual amounts of HK\$100 or less for the benefit of the Company. Any unsold entitlement of Non-Qualifying Shareholders, together with any Rights Shares provisionally allotted but not accepted, will be made available for excess application on EAFs by Qualifying Shareholders.

LETTER FROM THE BOARD

(5) *Fractions of Rights Shares*

The Company will not provisionally allot fractions of Rights Shares. All fractions of Rights Shares will be aggregated and all nil-paid Rights Shares arising from such aggregation will be sold in the market, if a premium (net of expenses) can be achieved, and the Company will retain the proceeds from such sale(s). Any unsold fractions of Rights Shares will be made available for excess application.

(6) *Procedure for acceptance or transfer*

A provisional allotment letter will be 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. Thursday, 15 May 2008. All remittances must be made 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".

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 Thursday, 15 May 2008, 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 4:30 p.m. on Tuesday, 6 May 2008 to the Registrar who will cancel the original provisional allotment letter and issue new provisional allotment letters in the denominations required.

LETTER FROM THE BOARD

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 (summarised 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 Thursday, 22 May 2008.

(7) *Application for excess Rights Shares*

Qualifying Shareholders may apply, by way of excess application, for any unsold entitlements of the Non-Qualifying Shareholders and for any Rights Shares provisionally allotted but not accepted.

Applications for excess Rights Shares may be made by completing the forms for application for excess Rights Shares and lodging the same with a separate remittance for the excess Rights Shares being applied for. The Directors will allocate the excess Rights Shares at their discretion on a fair and equitable basis on the following principles:

- (i) preference will be given to applications for less than a board lot of Rights Shares where they appear to the Directors that such applications are made to round up odd-lot holdings to whole-lot holdings and that such applications are not made with intention to abuse this mechanism; and

LETTER FROM THE BOARD

- (ii) subject to availability of excess Rights Shares after allocation under principle (i) above, the excess Rights Shares will be allocated to Qualifying Shareholders based on a sliding scale with reference to the number of the excess Rights Shares applied by them (i.e. Qualifying Shareholders applying for smaller number of Rights Shares will have a higher success rate for its application but will receive a smaller number of Rights Shares; compared with Qualifying Shareholders applying for larger number of Rights Shares who will have a lower success rate for its application but will receive a larger number of Rights Shares). Investors with their Shares held by a nominee company should note that the Board will regard the nominee company as a single Shareholder according to the register of members of the Company.

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.

Investors whose Shares are held by their nominee(s) and who would like to have their names registered on the register of members of the Company, must lodge all necessary document with the Registrar for completion of the relevant registration by 4:30 p.m. on 21 April 2008.

(8) Share certificates and refund cheques for Rights Issue

Subject to the fulfilment 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 post at their own risk on or before 22 May 2008. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted on or before 22 May 2008 by ordinary post to the applicants at their own risk.

5. Conditions of the Rights Issue

The Rights Issue is conditional upon, among other things, each of the following events being fulfilled:

- (i) the approval of the Capital Reorganisation and the Rights Issue by Shareholders at the EGM;
- (ii) the Capital Reorganisation becoming effective;

LETTER FROM THE BOARD

- (iii) the Listing Committee of the Stock Exchange agreeing to grant the 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) by no later than the date of posting of the Prospectus Documents and not having withdrawn or revoked such listings and permission on or before 4:00 p.m. on the Settlement Date;
- (iv) the delivery to the Stock Exchange and filing and registration of all documents relating to the Rights Issue required by law to be filed, with the Registrar of Companies in Hong Kong;
- (v) the posting on the Posting Date of copies of the Prospectus Documents to the Qualifying Shareholders;
- (vi) the Shares remaining listed on the Stock Exchange at all times prior to the Settlement Date and the current listing of the Shares not having been withdrawn or the trading of the Shares not having been suspended for a consecutive period of more than 5 trading days (other than any suspension pending clearance of the announcement dated 12 December 2007 in relation to the proposed Capital Reorganisation and the proposed Rights Issue) and no indication being received before 4:00 p.m. on the Settlement Date from the Stock Exchange to the effect that such listing may be withdrawn or objected to (or conditions will or may be attached thereto) including but not limited to as a result of the Rights Issue or in connection with the terms of the Underwriting Agreement or for any other reason;
- (vii) the compliance by the Company with certain its obligations under the Underwriting Agreement; and
- (viii) the obligations of the Underwriter under the Underwriting Agreement becoming unconditional and the Underwriting Agreement not being terminated in accordance with its terms.

In the event that the conditions of the Rights Issue are not fulfilled on or before the respective dates determined in the Underwriting Agreement (or such later date as the Company and the Underwriter may agree), none of the Underwriter or the Company shall have any rights or be subject to any obligations arising from the Underwriting Agreement. The Rights Issue will not proceed accordingly.

LETTER FROM THE BOARD

6. Underwriting arrangements

(1) *Underwriting Agreement*

Underwriting agreement dated 10 December 2007

The Underwriter has agreed to fully underwrite not less than 1,565,797,810 Rights Shares and not more than 2,035,537,155 Rights Shares. To the best of Directors' knowledge, information and belief, having made all reasonable enquiries, the Underwriter and its ultimate beneficial owners are third parties independent of the Company and its Connected Persons. Within the past 12 months from the Latest Practicable Date, the Company and the Underwriter entered two placing agreements dated 4 June 2007 and 12 July 2007 other than the Underwriting Agreement, pursuant to which the Underwriter agreed to act as placing agent to place the placing shares according to the terms of the agreements.

Commission

The Company will pay the Underwriter an underwriting commission of 2.5% of the aggregate subscription price of the Rights Shares underwritten by it, out of which the Underwriter will or may pay any sub-underwriting fees. The Directors believe that the underwriting commission accords with market rates.

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 hereof) 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

LETTER FROM THE BOARD

- (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.

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 clauses of the Underwriting Agreement of, 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 relevant clauses of 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 in the relevant clauses 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

(2) *Shareholding in the Company*

Set out below is the shareholding structure of the Company assuming that (i) there is no change in the shareholding structure of the Company from the Latest Practicable Date to immediately before completion of the Rights Issue save pursuant to the grant and exercise of Options, utilisation of the Issue Mandate and the transactions contemplated under the Underwriting Agreement; and (ii) no Rights Shares are taken up by the Qualifying Shareholders and the Underwriter takes up the Rights Shares to the maximum extent:

Scenario 1:

Assuming there is no Options are granted and the Issue Mandate is not utilised on or before the Record Date.

Shareholders	As at the Latest Practicable Date		Immediately after the Capital Reorganisation but before completion of the Rights Issue		Immediately after completion of the Rights Issue	
	Number of Shares	%	Number of Adjusted Shares	%	Number of Adjusted Shares	%
Willie International Holdings Limited (Note i)	410,118,799	13.10%	41,011,879	13.10%	0	0%
<i>Public Shareholders:</i>						
Willie International Holdings Limited (Note i)	0	0%	0	0%	41,011,879	2.18%
Heritage International Holdings Limited (Note ii)	199,928,000	6.38%	19,992,800	6.38%	19,992,800	1.06%
The Underwriter	0	0%	0	0%	1,565,797,810	83.33%
Other public Shareholders	2,521,548,830	80.52%	252,154,883	80.52%	252,154,883	13.43%
<i>Sub-total</i>	<u>2,721,476,830</u>	<u>86.90%</u>	<u>272,147,683</u>	<u>86.90%</u>	<u>1,878,957,372</u>	<u>100%</u>
Total	<u>3,131,595,629</u>	<u>100%</u>	<u>313,159,562</u>	<u>100%</u>	<u>1,878,957,372</u>	<u>100%</u>

LETTER FROM THE BOARD

Scenario 2:

Assuming all of the Options are granted and fully exercised and full utilisation of the Issue Mandate on or before the Record Date.

Shareholders	As at the Latest Practicable Date		Immediately after the Capital Reorganisation but before completion of the Rights Issue		Immediately after completion of the Rights Issue	
	Number of Shares	%	Number of Adjusted Shares	%	Number of Adjusted Shares	%
Willie International Holdings Limited (Note i)	410,118,799	10.07%	41,011,879	10.07%	0	0%
<i>Public Shareholders:</i>						
Willie International Holdings Limited (Note i)	0	0%	0	0%	41,011,879	1.68%
Heritage International Holdings Limited (Note ii)	199,928,000	4.91%	19,992,800	4.91%	19,992,800	0.82%
Holders of Options (Note iii)	313,159,562	7.69%	31,315,956	7.69%	31,315,956	1.28%
Shares to be issued and allotted pursuant to unutilised Issue Mandate (Note iv)	626,319,125	15.38%	62,631,913	15.38%	62,631,913	2.56%
The Underwriter	0	0%	0	0%	2,035,537,155	83.33%
Other public Shareholders	2,521,548,830	61.95%	252,154,883	61.95%	252,154,883	10.33%
<i>Sub-total</i>	<u>3,660,955,517</u>	<u>89.93%</u>	<u>366,095,552</u>	<u>89.93%</u>	<u>2,442,644,586</u>	<u>100%</u>
Total	<u>4,071,074,316</u>	<u>100%</u>	<u>407,107,431</u>	<u>100%</u>	<u>2,442,644,586</u>	<u>100%</u>

Notes:

- (i) Willie International Holdings Limited (stock code: 273), a company listed on the Stock Exchange, is interested in the share capital of the Company indirectly through its wholly-owned subsidiary, Pearl Decade Limited.
- (ii) 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.

LETTER FROM THE BOARD

- (iii) The Options are granted under the scheme mandate limit under the Share Option Scheme and it is assumed that all the holders of the Options will become the public Shareholders after they exercise the Options.
- (iv) It is assumed that none of the Shares will be issued and allotted pursuant to the unutilised Issue Mandate to the Directors, Connected Persons of the Company and its associates and no individual Shareholder will hold more than 10% of the Shares.
- (v) The Underwriter proposes to sub-underwrite its underwriting obligations under the Rights Issue to sub-underwriters such that each of the Underwriter and the sub-underwriters (together with their respective parties acting in concert as defined in the Hong Kong Code on Takeovers and Mergers) will not own 30% or more of the issued share capital of the Company after completion of the Rights Issue. The Underwriter is not and the sub-underwriters (and their respective ultimate beneficial owners) shall not be a party acting in concert with any Shareholder. The Underwriter does not and the sub-underwriters will not and their respective ultimate beneficial owners do not and will not have any shareholding in the Company and are not Connected Persons of the Company.

As stipulated in the Underwriting Agreement, 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/sub-underwriting obligations, the Underwriter will not and shall procure that the sub-underwriters will not own 10% or more of the issued share capital of the Company immediately after the Rights Issue.

7. Warning of the risks of dealing in Shares and Rights Shares

The Shares will be dealt in on an ex-rights basis from 18 April 2008. Dealings in the Rights Shares in the nil-paid form will take place from 2 May 2008 to 9 May 2008 (both dates inclusive). If the conditions of the Rights Issue are not fulfilled or the Underwriting Agreement is terminated by the Underwriter, the Rights Issue will not proceed.

Any Shareholders or other persons contemplating selling or purchasing Rights Shares in their nil-paid form during the period from 2 May 2008 to 9 May 2008 (both dates inclusive) who are in any doubt about their position are recommended to consult their professional advisers. Any Shareholders or other persons dealing in the Shares or the Adjusted Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriter's right of termination of the Underwriting Agreement ceases) and any persons dealing in the nil-paid Rights Shares during the period from 2 May 2008 to 9 May 2008 (both dates inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

LETTER FROM THE BOARD

8. Listing and dealings

The Company will apply 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 on/in 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.

The first day of dealings in the Rights Shares in their fully-paid form is expected to commence on Monday, 26 May 2008.

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.

LETTER FROM THE BOARD

9. 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.

10. Reasons for the Rights Issue and use of proceeds

The Company is an investment company under Chapter 21 of the Listing Rules and its business is primarily the making of investments. It is important for the Company to have readily available cash to make investments as and when opportunities arise. Funds raised pursuant to the recent fund raising exercises described below have been fully utilised as intended. The Company is continually seeking investment opportunities, as part of its ordinary and usual course of business.

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 to participate in the growth of the Company and at the same time without diluting their corresponding shareholdings. Besides, the Rights Issue allows the Shareholders to participate in the growth of the Company at a lower price than the current market level.

The entire net proceeds for the Rights Issue is expected to be approximately HK\$182 million (assuming no Option is granted and nil utilisation of the Issue Mandate on or before the Record Date) or approximately HK\$237 million (assuming all the Options are granted and fully exercised and full utilisation of the Issue Mandate on or before the Record Date). 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 opportunity.

LETTER FROM THE BOARD

11. Fund raising activities during the past 12 months

The Company had conducted the following fund raising exercises in the past 12 months from the Latest Practicable Date.

Date of announcement	Transaction	Net proceeds raised/to be raised (approximately)	Intended use of proceeds	Actual use of net proceeds
12 March 2007	Rights issue of 1,194,991,160 rights Shares on the basis of ten rights shares for every existing share	HK\$116 million	Investment in equity pursuant to the investment objectives adopted by the Company	Used as intended
4 June 2007	Placing of 262,898,055 new Shares	HK\$68.7 million	General working capital	Used as intended
12 July 2007	Placing of 341,765,666 new Shares	HK\$66.4 million	General working capital	Used as intended
19 July 2007	Subscription of 500,000,000 new Shares	HK\$69.7 million	HK\$50 million for debt repayment and HK\$19.7 million for general working capital	Used as intended
30 October 2007	Subscription of 410,118,799 new Shares	HK\$44.9 million	General working capital	Used as intended

Adjustments in relation to the Options

The Capital Reorganisation and the Rights Issue may lead to adjustments to the number of Shares to be issued upon exercise of the Options. The Company will notify the holders of the Options regarding adjustments to be made (if any) pursuant to the terms of the Share Option Scheme.

LETTER FROM THE BOARD

12. Business review and prospects

(1) Business review

The Group reported a net profit of approximately HK\$100.09 million for the six months ended 30 June 2007, and the proceeds from sale of trading securities increased to approximately HK\$404.3 million. As at 30 June 2007, the total assets of the Group were approximately HK\$595.7 million, of which the non-current portion and current portion were approximately HK\$185 million and HK\$410.7 million respectively, the current liabilities was approximately HK\$81 million and the assets/liabilities ratio was approximately 7.35 and the current ratio was approximately 5.07. The Group has no material contingent liabilities as of 30 June 2007. As at 30 November 2007, the unaudited net asset value of was HK\$0.16 per share. For the period from 1 January 2007 to the Latest Practicable Date, the Group has undertaken five fund raising exercises (other than the proposed upcoming Rights issue) as follows:

Event date	Transaction	Number of Share issued	Net proceeds (approximately)
12 March 2007	Rights issue	1,194,991,160 Shares	HK\$116 million
4 June 2007	Placing of new Shares	262,898,055 Shares	HK\$68.7 million
12 July 2007	Placing of new Shares	341,765,666 Shares	HK\$66.4 million
19 July 2007	Subscription of new Shares	500,000,000 Shares	HK\$69.7 million
30 October 2007	Subscription of new Shares	410,118,799 Shares	HK\$44.9 million

(2) 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. While the Group had achieved a most satisfying result in the first six months in 2007, making an after tax profit of approximately HK\$100.09 million, aided by a robust and surging Hong Kong and world-wide equity markets, the Group's prospects in the past months and in the near terms are much less encouraging. Investment sentiment internationally has drastically turned sour as a result of the credit liquidity problems that had arisen following the crash in the Subprime market in the United States. The liquidity crisis is felt not only in the banking sector but also in consumer confidence/perception and spending. This wide range effect has affected almost all sectors of the world economy. As redemption in mutual funds rises, equity markets had not only seen significant sell-off, but also had become markedly more turbulent experiencing violent swings. This significantly increases the inherent risks to investors and market participants. The Group, as an

LETTER FROM THE BOARD

Investment Company with the sole business being investment, had been greatly adversely affected by this negative market sentiment. The Group's focus of investments in mostly small to medium size listed companies had suffered particularly with several investee companies recording steep price drops recently. While 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 short term prospects even for these markets are still uncertain as the Chinese government has begun to initiate policies to restraint China's underlying explosive growth and the impact from such policies are yet to be ascertained.

While the immediate prospects had deteriorated and risks increased as a result of sentiment and volatility, the Board also sees good investment opportunities may arise as the market may overly downgrade potentials. The Board has been actively looking for fund raising opportunities both to ensure the Group's finance remains healthy and to enhance the Group's investment capabilities as advantageous situations arise.

13. The EGM

Set out on pages 104 to 107 of this circular is a notice of the EGM to be held at 30th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong at 9:00 a.m. on Wednesday, 30 January 2008 (or any adjournment thereof) at which resolutions will be proposed to consider and, if thought fit, to approve the Rights Issue by Independent Shareholders.

In accordance with Rule 7.19(6) of the Listing Rules, the Rights Issue must be made conditional on approval by Shareholders in general meeting by a resolution on which any controlling Shareholders and their associates or, where there are no controlling Shareholders, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the Rights Issue. As at the Latest Practicable Date, there is no controlling Shareholder, and the Directors and the chief executive of the Company and their respective associates do not have any Shares. To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, no Shareholder is required to abstain from voting in favour of the Rights Issue at the EGM. The vote of Shareholders taken at the EGM to be convened for approving the Rights Issue will be taken on a poll.

LETTER FROM THE BOARD

Enclosed with this circular is a form of proxy for use at the EGM. You are requested to complete the form of proxy and return it to the Registrar in Hong Kong at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time fixed for holding of the EGM, whether or not you intend to be present in person at the EGM. The completion and return of the form of proxy will not prevent you from attending and voting in person should you so wish.

Pursuant to Article 100 of the articles of association of the Company, at any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is duly demanded. A poll may be demanded by:

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

14. Recommendation

In relation to the Rights Issue, your attention is drawn to the letter from the Independent Board Committee set out on page 36 and the letter from Menlo Capital set out on pages 37 to 50 of this circular. The Directors believe that the proposed resolutions in relation to the Capital Reorganisation and the Rights Issue are in the interest of the Company and the Shareholders as a whole and, accordingly, the Directors recommend the Shareholders to vote in favour of the aforesaid resolutions to be proposed at the EGM.

Yours faithfully,

By the Order of the Board

UNITY INVESTMENTS HOLDINGS LIMITED

合一投資控股有限公司

CHUNG Wilson

Chairman and Executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

7 January 2008

To the Independent Shareholders

Dear Sir or Madam,

**PROPOSED RIGHTS ISSUE ON THE BASIS OF FIVE RIGHTS SHARES
FOR EVERY ADJUSTED SHARE
HELD ON RECORD DATE
BY QUALIFYING SHAREHOLDERS**

We refer to the circular of the Company dated 7 January 2008 (the “Circular”) of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

We have been appointed to advise the Independent Shareholders in connection with the terms of the Rights Issue. Menlo Capital has been appointed as the independent financial adviser to advise you and us in this respect.

Having considered the terms of the Rights Issue and the advice of Menlo Capital in relation thereto as set out on pages 37 to 50 of the Circular, we are of the opinion that the terms of the Rights Issue are fair and reasonable so far as the Independent Shareholders are concerned; and that the Rights Issue is in the interests of the Company and its Shareholders as a whole. We therefore recommended the Independent Shareholders to vote in favour of the resolution in relation to the Rights Issue to be proposed at the EGM.

Yours faithfully,

By order of the board of
Independent Board Committee

Mr. CHUNG Kong Fei, Stephen

Independent

Non-executive Director

Mr. TSANG Wing Ki

Independent

Non-executive Director

Ms. SWARTZ Kristi Lynn

Independent

Non-executive Director

LETTER FROM MENLO CAPITAL

The following is the text of a letter from Menlo Capital Limited in connection with the proposed Rights Issue which has been prepared for the purpose of inclusion in this circular:



Menlo Capital Limited

Room 06, 1st Floor, Beautiful Group Tower
77 Connaught Road Central
Hong Kong

7 January 2008

*To the Independent Board Committee and the Independent Shareholders of
Unity Investments Holdings Limited*

Dear Sirs,

**PROPOSED RIGHTS ISSUE
ON THE BASIS OF FIVE RIGHTS SHARES
FOR EVERY ADJUSTED SHARE HELD**

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders whether the Rights Issue is in the interests of the Company and the Shareholders as a whole and the terms of which are fair and reasonable insofar as the Company and the Shareholders are concerned, details of which are set out in the letter from the Board (the “Board Letter”) contained in the circular of the Company dated 7 January 2008 (the “Circular”) of which this letter forms part. Terms defined in the Circular shall have the same meanings in this letter unless the context of this letter otherwise requires.

Subject to the Capital Reorganisation becoming effective, the Company proposes to raise approximately HK\$187.90 million before expenses (assuming no Option is granted and the Issue Mandate is not utilised on or before the Record Date) to approximately HK\$244.26 million before expenses (assuming all the Options are granted and fully exercised and full utilisation of the Issue Mandate on or before the Record Date) by way of the Rights Issue of issuing not less than 1,565,797,810 Rights Shares and not more than 2,035,537,155 Rights Shares at a price of HK\$0.12 per Rights Share payable in full on acceptance. The Company will provisionally allot five Rights Shares in nil-paid form for every Adjusted Share held by the Qualifying Shareholders on the Record Date. The Rights Issue is not available to the Non-Qualifying Shareholders. The Company plans to use the net proceeds for investment purposes pursuant to the investment objectives adopted by the Company.

LETTER FROM MENLO CAPITAL

Pursuant to the requirements of the Listing Rules, the proposed Rights Issue is subject to the Independent Shareholders' approval by way of poll at the EGM. As at the Latest Practicable Date, there is no controlling Shareholder, and the Directors and the chief executive of the Company and their respective associates do not have any Shares. To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, no Shareholder is required to abstain from voting in favour of the Rights Issue at the EGM. The vote of Shareholders taken at the EGM to be convened for approving the Rights Issue will be taken on a poll.

In formulating our opinion, we have relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Directors and the management of the Company. We have assumed that all information, representations and opinions contained or referred to in the Circular and all information, representations and opinions which have been provided by the Directors or management of the Company for which they are solely responsible, are true and accurate at the time they were made and will continue to be accurate at the date of the despatch of the Circular.

We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations and opinions made to us untrue, inaccurate or misleading. Having made all reasonable enquiries, the Directors have further confirmed that, to the best of their knowledge, they believe there are no other facts or representations the omission of which would make any statement in the Circular, including this letter. We have not, however, carried out any independent verification of the information provided by the Directors and management of the Company, nor have we conducted an independent investigation into the business and affairs of the Company.

In formulating our opinion, we have not considered the taxation implications on Shareholders in relation to the subscription for, holding or disposal of the Rights Shares or otherwise, since these are particular to their individual circumstances. It is emphasised that we will not accept responsibility for any tax effects on, or liabilities of any person resulting from the subscription for, holding or disposal of the Rights Shares or otherwise. In particular, Shareholders subject to overseas taxation or Hong Kong taxation on securities dealings should consider their own tax position and, if in any doubt, should consult their own professional advisers.

LETTER FROM MENLO CAPITAL

PRINCIPAL FACTORS TAKEN INTO ACCOUNT

In arriving at our advice to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Rights Issue, we have taken the following principal factors and reasons into consideration:

(I) Background

The Company is an investment company under Chapter 21 of the Listing Rules and its business is primarily the making of investments. The Directors consider that it is in the interest of the Company and the Shareholders to have readily available cash to make investments as and when opportunities arise.

(II) Reasons for the Rights Issue

The Directors consider that in view of the volatile stock market conditions, the Company should seize this chance to secure equity funding for the Company given the underwriter has agreed to underwrite the Rights Issue. The Directors also consider that the Rights Issue also allows the Company to broaden its shareholders' base without diluting their corresponding shareholdings and allows the shareholder to participate in the long term growth of the Company at a price lower than the current market level. We are of the view that for long term financial planning it is reasonable for the Company to raise funds in the equity capital market rather than in the debt market to release the interest burden and strengthen the financial position of the Group.

The Rights Issue is effected on a pro-rata basis and we are of the view that the Rights Issue offers all the Qualifying Shareholders an equal opportunity to participate in the enlargement of the capital base of the Company and enables the Qualifying Shareholders to maintain their proportionate interest in the Company and to continue to participate in the future development of the Group. The nil-paid Rights Shares will be traded on the Stock Exchange. The Qualifying Shareholders who do not take up their entitlements in full will have the opportunity to realise their nil-paid Rights Shares on the market, subject to market conditions. On this basis, we consider the Rights Issue is fair and reasonable to the Qualifying Shareholders.

LETTER FROM MENLO CAPITAL

(III) Use of proceeds of the Rights Issue

The entire net proceeds for the Rights Issue is expected to be approximately HK\$182 million (assuming no Option is granted and nil utilisation of the Issue Mandate on or before the Record Date) or approximately HK\$237 million (assuming all the Options are granted and fully exercised and full utilisation of the Issue Mandate on or before the Record Date). 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 opportunity.

In the event that the Group identifies a suitable investment opportunity but does not have sufficient cash resources on hand or it cannot find other alternatives to finance the investment opportunity in a timely manner, the Group may lose the opportunity to invest. On this basis, we consider that the timing for the Rights Issue being proposed before the happening of immediate need of cash, including but not limited to the above mentioned situation, is appropriate.

We have noted that the Shares are traded under the current volatile stock market. The analysis of the subscription price of the Rights Issue is set out under the sub-section "Subscription price" in this letter. In view of the Rights Issue will allow all the Qualifying Shareholders to maintain their proportionate interests in the Company, we consider that the subscription price is fair and reasonable so far as the Shareholders are concern and the volatility of the stock market does not affect the timing of the Rights Issue.

Based on the above, we are of the view that the proceeds from the Rights Issue could further improve the cash and working capital position of the Group while giving the Group the higher flexibility to make future possible investments if opportunities arise. Moreover, the overall improvement of the financial position as a results of the proceeds from the Rights Issue could place the Group in a better position to secure future bank borrowings, if required, for funding future investments, which is beneficial to the future development of the Group and therefore is in the interests of the Company and the Shareholders as a whole. As at the Latest Practicable Date, the Company has no intention to secure bank borrowings.

LETTER FROM MENLO CAPITAL

Fund raising activities during the past 12 months

The Company had conducted the following fund raising exercises in the past 12 months from the Latest Practicable Date.

Date of announcement	Transaction	Net proceeds raised/ to be raised (approximately)	Intended use of proceeds	Actual use of net proceeds
12 March 2007	Rights issue of 1,194,991,160 rights Shares on the basis of ten rights shares for every existing share	HK\$116 million	Investment in equity pursuant to the investment objectives adopted by the Company	Used as intended
4 June 2007	Placing of 262,898,055 new Shares	HK\$68.7 million	General working capital	Used as intended
12 July 2007	Placing of 341,765,666 new Shares	HK\$66.4 million	General working capital	Used as intended
19 July 2007	Subscription of 500,000,000 new Shares	HK\$69.7 million	HK\$50 million for debt repayment and HK\$19.7 million for general working capital	Used as intended
30 October 2007	Subscription of 410,118,799 new Shares	HK\$44.9 million	General working capital	Used as intended

We have noted that the actual the net proceeds of the fund raising activities during the past 12 months have already been used as intended:

- (i) the net proceeds of HK\$116 million of the rights issue conducted on 12 March 2007 being used for the investment in equity pursuant to the investment objectives adopted by the Company; and
- (ii) the net proceeds of HK\$249.7 million of the four equity fund raising activities during the period from 4 June 2007 to 30 October 2007 being used as general working capital and debt repayment.

The Company has not identified any specific investment opportunity as at the Latest Practicable Date. We are of the view that in order to enhance the profitability of the Company it is in the interest of the Company and the Shareholders as a whole to raise additional fund for the investment in equity pursuant to the investment objectives adopted by the Company.

LETTER FROM MENLO CAPITAL

(IV) The major terms of the Rights Issue

Basis of the Rights Issue	:	five Rights Shares for every Adjusted Share held on the Record Date
Number of Shares in issue	:	3,131,595,629 Shares as at the Latest Practicable Date
Number of Adjusted Shares in issue upon the Capital Reorganisation becoming effective	:	313,159,562 Adjusted Shares (assuming no Option granted and the Issue Mandate is not utilised on or before the Record Date) or 407,107,431 Adjusted Shares (assuming all the Options are granted and fully exercised and full utilisation of the Issue Mandate on or before the Record Date) (<i>Note</i>)
Number of Rights Shares	:	not less than 1,565,797,810 Rights Shares (assuming no Option is granted and the Issue Mandate is not utilised on or before the Record Date) and not more than 2,035,537,155 Rights Shares (assuming all the Options are granted and fully exercised and full utilisation of the Issue Mandate on or before the Record Date) (<i>Note</i>)
Subscription price per Rights Share	:	HK\$0.12 per Rights Share with nominal value of HK\$0.10 each

Note:

As at the Latest Practicable Date, there are (i) Options to subscribe up to an aggregate of 313,159,562 Shares under the scheme mandate limit available to the Company under the Share Option Scheme; and (ii) the Issue Mandate, which authorises the Directors to issue and allot up to 626,319,125 Shares, has not been utilised. Assuming all of the Options are granted and fully exercised and full utilisation of the Issue Mandate on or before the Record Date, a total of 4,071,074,316 new Shares (equivalent to 407,107,431 Adjusted Shares) may fall to be issued and hence an additional 469,739,345 Rights Shares would be issued, in which the maximum number of Rights Shares that may be issued by the Company will become 2,035,537,155.

Save as mentioned above, the Company has no other outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares as at the Latest Practicable Date.

Assuming no Options are granted and the Issue Mandate is not utilised on or before the Record Date, the 1,565,797,810 nil-paid Rights Shares proposed to be provisionally allotted represent (a) 5 times of the Company's issued share capital upon completion of the Capital Reorganisation; and (b) approximately 83.33% of the Company's issued share capital upon completion of the Capital Reorganisation and as enlarged by the issue of the Rights Shares.

LETTER FROM MENLO CAPITAL

Subscription price

The subscription price for the Rights Shares is HK\$0.12 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, application for excess Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The subscription price represents:

- (i) a discount of about 87.23% to the adjusted closing price of HK\$0.94 per Adjusted Share (based on the closing price of HK\$0.094 per Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Share Consolidation);
- (ii) a discount of about 53.25% to the theoretical ex-rights price of approximately HK\$0.2567 per Adjusted Share (based on the closing price of HK\$0.094 per Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Share Consolidation);
- (iii) a discount of about 87.12% to the average adjusted closing price of approximately HK\$0.932 per Adjusted Share (based on the average closing price of HK\$0.0932 per Share for the five trading days ended on the Last Trading Day and adjusted for the effect of the Share Consolidation); and
- (iv) a discount of about 86.56% to the average adjusted closing price of approximately HK\$0.893 per Adjusted Share (based on the average closing price of HK\$0.0893 per Share for the ten trading days ended on the Last Trading Day and adjusted for the effect of the Share Consolidation).

The Directors consider that the subscription price for the Rights Shares was determined after arm's length negotiations between the Company and the Underwriter with reference to the market price of the Share prior to the Last Trading Day. The Directors consider the terms of the Rights Issue, including the subscription price, to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

LETTER FROM MENLO CAPITAL

We have reviewed and included, so far as we are aware, all the rights issues announced during the last 6 months prior to the date of the Announcement by the companies listed on the main board of the Stock Exchange. The pricing of a rights issue may vary under different stock market condition as well as for companies with different financial standing and business performance. Nevertheless, we consider that the comparison of rights issues announced recently could provide a general reference for the reasonableness of the pricing of the Rights Issue and that it is appropriate and relevant. The terms of all the rights issues conducted by these main board listed companies (the “Comparables”) during the above mentioned period are summarised as below:

Company name (Stock code)	Date of announcement	Offer ratio	(Discount) of subscription price over/to the closing price per Adjusted Share on the last trading day (%)	(Discount) of subscription price over/to the theoretical ex-right price per Adjusted Share (%)	Underwriting commission (%)
Asia Orient Holdings Limited (214)	13/06/2007	1 for 2	(42.2)	(32.6)	2.0
UDL Holdings Limited (620)	15/6/2007	1 for 2	(67.3)	(57.8)	2.5
National Investments Fund Limited (1227)	21/06/2007	12 for 1	(91.9)	(46.7)	2.25
SunCorp Technologies Limited (1063)	26/06/2007	3 for 10	(26.9)	(22.1)	Not available
Matsunichi Communication Holdings Limited (283)	28/06/2007	1 for 2	(10.0)	(6.3)	Not available
Century Legend (Holdings) Limited (79)	03/07/2007	1 for 5	(60.7)	(50.7)	2.5
Shangri-La Asia Limited (69)	03/07/2007	1 for 9	(4.8)	(4.3)	1.0
The Sun's Group Limited (988)	06/07/2007	1 for 2	(69.7)	(60.5)	1.5
Sino Technology Investments Company Limited (1217)	16/08/2007	10 for 1	(87.3)	(33.3)	2.1
New Heritage Holdings Limited (95)	17/08/2007	3 for 8	(14.8)	(11.9)	1.25
Heritage International Holdings Limited (412)	27/08/2007	1 for 2	(13.8)	(9.1)	2.5
China Star Entertainment Limited (326)	30/08/2007	1 for 2	(17.4)	(12.3)	2.5

LETTER FROM MENLO CAPITAL

Company name (Stock code)	Date of announcement	Offer ratio	(Discount) of subscription price over/to the closing price per Adjusted Share on the last trading day (%)	(Discount) of subscription price over/to the theoretical ex-right price per Adjusted Share (%)	Underwriting commission (%)
See Corporation Limited (491)	13/9/2007	2 for 1	(52.9)	(27.3)	2.5
Angang Steel Company Limited (347)	29/9/2007	2.2 for 10	(47.1)	(42.2)	Not available
GFT Holdings Limited (1003)	10/10/2007	3 for 1	(61.62)	(28.64)	2.5
Karrie International Holdings Limited (1050)	11/10/2007	4 for 10	(27.18)	(21.05)	Not available
Radford Investment Company Limited (901)	25/10/2007	3 for 2	(45.05)	(24.7)	2.0
Sun Man Tai Holdings Company Limited (433)	29/10/2007	1 for 2	(54.2)	(43.93)	1.0
Willie International Holdings Limited (273)	15/11/2007	1 for 1	(62.07)	(45.0)	2.5
The Wharf (Holdings) Limited (4)	28/11/2007	1 for 8	(26.02)	(23.81)	1.25
Freeman Corporation Limited (279)	4/12/2007	5 for 1	(82.86)	(44.62)	2.5
Highest premium/(Lowest discount)			(4.8)	(4.3)	
(Highest discount)			(91.9)	(60.5)	
mean			(45.99)	(30.9)	1.64
median			(47.1)	(28.64)	2.25
The Company		5 for 1	(87.23)	(53.25)	2.5

Source: The Stock Exchange website, the respective announcements and circulars

As noted from the above table,

- the subscription price to the closing prices on the last trading day prior to the dates of announcements of the Comparables ranged from a discount of 4.8 % to 91.9 % (the “First Relevant Range”), with the mean and median at discounts of approximately 45.99% and 47.1% respectively. The discount of the subscription price of the Rights Issue to the closing price of the Shares on the Last Trading Day is approximately 87.23 %, which is deeper than mean and median but falls within the First Relevant Range of the Comparables; and

LETTER FROM MENLO CAPITAL

2. the subscription price to the theoretical ex-rights prices per share based on the last trading day prior to the dates of the announcements in relation to the Comparables ranged from a discount of 4.3 % to 60.5 % (the “Second Relevant Range”), with the mean and median at discounts of approximately 30.9% and 28.64% respectively. The discount of the subscription price of the Rights Issue to the theoretical ex-rights price per Share of approximately 53.25 %, based on the closing price of the Shares on the Last Trading Day, is deeper than the mean and the median and falls within the Second Relevant Range of the Comparables.

We note that (i) it is common to offer higher discount rates for the Comparables involved heavy calls (i.e. higher offer ratio) on shareholders in order to enhance the attractiveness to the shareholders as well as the underwriters; (ii) the discount of the subscription price of the Rights Issue to the closing price of the Shares on the Last Trading Day falls within the First Relevant Range of the Comparables; and (iii) the discount of the subscription price of the Rights Issue to the theoretical ex-rights price per Share falls within the Second Relevant Range of the Comparables. As the Rights Issue will allow all the Qualifying Shareholders to maintain their proportionate interests in the Company and to participate in the future growth and development of the Group, we are of the view the subscription price is fair and reasonable so far as the Shareholders are concern.

The deep discount of the subscription price to the closing price of the Share on the Last Trading Day and the theoretical ex-right price of the Shares presents provides an opportunity for the Qualifying Shareholders to take up the Rights Shares at a more attractive price while providing the Company with the funding which in turn is in the interest of the Company and the Shareholders as a whole of concern.

The underwriting commission rates of the Comparables ranged from 1.0 % to 2.5 % (the “Fourth Relevant Range”), with the mean and median of approximately 1.64% and 2.25% respectively. The underwriting commission of the Right Issue, being 2.5 %, is higher than the mean and the median but falls within the Third Relevant Range of the Comparables. We consider that the subscription price and the underwriting commission of the Rights Issue is in line with that of the Comparables and are fair and reasonable so far as the Shareholders are concerned.

LETTER FROM MENLO CAPITAL

(V) Other terms of the Rights Issue and the underwriting arrangements

The other terms of the Rights Issue, being set out under the section headed “PROPOSED RIGHTS ISSUE” in the Board Letter, include the detailed terms related to:

- the Qualifying Shareholders;
- the Basis of provisional allotment;
- the Status of the Rights Shares;
- the Rights of Overseas Shareholder;
- the Fractions of Rights Shares;
- the Procedure for acceptance or transfer;
- the Application for excess Rights Shares;
- the Share certificates and refund cheques for Rights Issue;
- the Conditions of the Rights Issue; and
- the Terms of the Underwriting Agreement.

Other than the subscription price and the underwriting commission of the Rights Issue, we have also reviewed the other terms of the Rights Issue together with the terms of the Underwriting Agreement as listed above, we are of the view that the terms of the Rights Issue together with the terms of the Underwriting Agreement are on normal commercial basis and no extraordinary terms being noted.

(VI) Effect on shareholding interests of the Shareholders

Being set out in the section headed “Shareholding in the Company” in the Board Letter, immediately after completion of the Rights Issue, (i) the shareholding of the existing Independent Shareholders will be substantially diluted from 80.52% to 13.43% (assuming no Options are granted and the Issue Mandate is not utilised on or before the Record Date); and (ii) the shareholding of the existing Independent Shareholders will be substantially diluted from 61.95% to 10.33% (assuming all of the Options are granted and fully exercised and full utilisation of the Issue Mandate on or before the Record Date). For those Qualifying Shareholders who take up their entitlements in full under the Rights Issue, their shareholding interests in the Company will remain unchanged after the Rights Issue.

LETTER FROM MENLO CAPITAL

Shareholders who do not take up their entitlements in full will have the opportunity to realise their nil-paid Rights Shares on the market, subject to market conditions. The nil-paid Rights Shares will be traded on the Stock Exchange.

The Underwriter has sub-underwritten its underwriting obligations under the Rights Issue to sub-underwriters such that each of the Underwriter and the sub-underwriters (together with their respective parties acting in concert as defined in the Hong Kong Code on Takeovers and Mergers) will not own 30% or more of the issued share capital of the Company after completion of the Rights Issue. Each of the Underwriter and the sub-underwriters (and their respective ultimate beneficial owners) is not a party acting in concert with each other or with any Shareholders. Each of the Underwriter and the sub-underwriters and their respective ultimate beneficial owners do not have any shareholding in the Company and are not connected persons (as defined in the Listing Rules) of the Company.

Taking into consideration the foregoing, we consider that as the Qualifying Shareholders can choose to participate in the Rights Issue or, if they are unwilling or unable to do so, to dispose of their entitlements nil-paid in the market at a premium if one can be obtained, the Rights Issue is an equitable method for all the Qualifying Shareholders to raise new equity capital for the Company. The Rights Issue is a fair and reasonable method to raise funds, as the Rights Issue will allow the Qualifying Shareholders to maintain their respective pro rata shareholdings in the Company.

LETTER FROM MENLO CAPITAL

(VII) Financial effects of the Rights Issue

(a) *Net assets*

The effect on the unaudited pro forma consolidated net assets of the Group immediately after completion of the Rights Issue are set out in Appendix II in this circular.

Subject to the Capital Reorganisation becoming effective, the Company proposes to raise approximately HK\$187.90 million before expenses (assuming no Option is granted and the Issue Mandate is not utilised on or before the Record Date) to approximately HK\$244.26 million before expenses (assuming all the Options are granted and fully exercised and full utilisation of the Issue Mandate on or before the Record Date) by way of the Rights Issue of issuing not less than 1,565,797,810 Rights Shares and not more than 2,035,537,155 Rights Shares. Accordingly, the net assets of the Company will be improved.

We are also of the view that the improvement of the net assets of the Company immediately after the Rights Issue is in the interest of the Company and Shareholders, including both the Qualifying Shareholders and the Non-Qualifying Shareholders, as a whole.

(b) *Gearing ratio and working capital*

Based on the unaudited consolidated accounts of the Company as at 30 June 2007, the gearing ratio (calculated as the total liabilities of approximately HK\$81.02 million to shareholders' equity of approximately HK\$514.69 million) of the Group was approximately 15.7%. The Rights Issue can raise a net amount of capital in the range of approximately HK\$187.90 million to HK\$244.26 million depending on whether the Options are granted and exercised and the utilisation of the Issue Mandate on or before the Record Date.

The cash position and working capital (before any specific investments made) of the Group immediately after the Rights Issue will be increased by the same amount of the actual net proceeds of the Rights Issue.

We are also of the view that the cash position and working capital of the Group to be improved immediately after the Rights Issue is in the interest of the Company and Shareholders, including both the Qualifying Shareholders and the Non-Qualifying Shareholders, as a whole.

LETTER FROM MENLO CAPITAL

RECOMMENDATION

We have taken into consideration of the above principal factors and reasons, in particular:

- the net proceeds of the fund raising activities during the past 12 months have already been used as intended;
- the net proceeds from the Rights Issue will improve the working capital position of the Group and provide the Company sufficient cash for future possible investments, if opportunities arise;
- the Rights Issue would enlarge the capital base of the Company;
- the Rights Issue would be a preferred method of equity financing as it will allow all the Qualifying Shareholders to maintain their proportionate interests in the Company and to participate in the future growth and development of the Group;
- the Rights Issue on normal commercial terms;
- the discounts represented by the subscription price of the Rights Issue to the closing price of the Adjusted Shares and the theoretical ex-rights price the Adjusted Shares fall within the First Relevant Range and the Second Relevant Range respectively; and
- the Rights Issue can improve the net assets of the Company, the gearing ratio and the working capital position of the Group.

We are of the view that the Rights Issue is in the interests of the Company and the Shareholders as a whole and the terms of Rights Issue are fair and reasonable so far as the Company and the Shareholders, including both the Qualifying Shareholders and the Non-Qualifying Shareholders, are concerned. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Rights Issue.

Yours faithfully,
For and on behalf of
Menlo Capital Limited
Michael Leung
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 2007 to 30 June 2007 and the years ended 31 December 2006, 2005 and 2004. The auditors' reports on the financial statements of the Group for each of the three years ended 31 December 2006, 2005 and 2004 did not contain any qualifications.

RESULTS

	Unaudited 01/01/2007 to 30/06/2007 HK\$	Audited 01/01/2006 to 31/12/2006 HK\$	Audited 01/01/2005 to 31/12/2005 HK\$	Audited 01/01/2004 to 31/12/2004 HK\$
Turnover	404,301,000	295,055,810	162,620,520	125,003,049
Other revenue	1,480,000	3,367,507	2,025,440	1,017,217
Cost of sales	(364,714,000)	(266,232,745)	(175,856,857)	(133,065,935)
Loan receivable:				
– Present value adjustment	–	–	(5,770,914)	–
– Impairment loss	–	(12,500,000)	(6,729,086)	–
Unrealised gain (loss) on investments held for trading	64,315,000	(21,601,011)	(9,328,737)	14,787,456
Realised gain (loss) on disposal of available-for-sale investments	14,553,000	25,012,199	(607,864)	–
Impairment loss on available-for-sale investments	–	–	(3,000,000)	(20,000,000)
Other operating expenses	(4,210,000)	(8,840,660)	(4,814,448)	(3,372,820)
Finance costs	(635,000)	(2,056,841)	(3,051,172)	(1,178,991)
Profit (loss) before taxation	115,090,000	12,204,259	(44,513,118)	(16,810,024)
Taxation	(15,000,000)	–	–	–
Profit (loss) for the period/year	<u>100,090,000</u>	<u>12,204,259</u>	<u>(44,513,118)</u>	<u>(16,810,024)</u>
Profit (loss) attributable to equity holders	<u>100,090,000</u>	<u>12,204,259</u>	<u>(44,513,118)</u>	<u>(16,810,024)</u>
Earnings (loss) per share – Basic	<u>18.05 cents</u>	<u>5.39 cents</u>	<u>(30.81) cents</u>	<u>(23.62) cents</u>
Earnings per share – Diluted	<u>17.97 cents</u>	<u>–</u>	<u>–</u>	<u>–</u>

ASSETS AND LIABILITIES

	Unaudited	Audited		
	As at	As at 31 December		
	30 June 2007	2006	2005	2004
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	1,878,000	1,986,770	55,563	141,954
Available-for-sale investments	183,166,000	36,093,113	43,481,071	56,753,110
Loan receivable	–	–	12,500,000	–
	<u>185,044,000</u>	<u>38,079,883</u>	<u>56,036,634</u>	<u>56,895,064</u>
Current assets				
Investments held for trading	409,535,000	186,108,664	114,155,712	53,600,270
Deposits, prepayments and other receivables	722,000	529,529	4,281,835	108,926
Bank balances and cash	408,000	576,359	61,060	1,055,097
	<u>410,665,000</u>	<u>187,214,552</u>	<u>118,498,607</u>	<u>54,764,293</u>
Current liabilities				
Other payables and accruals	16,021,000	13,033,169	17,748,826	4,744,883
Short-term borrowings, unsecured	50,000,000	–	20,378,082	–
Provision for taxation	15,000,000	–	–	–
	<u>81,021,000</u>	<u>13,033,169</u>	<u>38,126,908</u>	<u>4,744,883</u>
Net current assets	<u>329,644,000</u>	<u>174,181,383</u>	<u>80,371,699</u>	<u>50,019,410</u>
NET ASSETS	<u><u>514,688,000</u></u>	<u><u>212,261,266</u></u>	<u><u>136,408,333</u></u>	<u><u>106,914,474</u></u>
CAPITAL AND RESERVES				
Share capital	170,883,000	112,229,116	72,729,116	38,400,000
Reserves	343,805,000	100,032,150	63,679,217	68,514,474
TOTAL EQUITY	<u><u>514,688,000</u></u>	<u><u>212,261,266</u></u>	<u><u>136,408,333</u></u>	<u><u>106,914,474</u></u>

1.2 Unaudited and audited financial statements

Set out below are the unaudited financial statements of the Group for the period from 1 January 2007 to 30 June 2007 as extracted from the interim report of the Company for the period ended 30 June 2007 and the audited financial statements of the Group for the years ended 31 December 2006, 2005 and 2004 as extracted from the 2006 and 2005 annual reports of the Company and the basic earnings (loss) per share have been restated to reflect the effect of share consolidation and rights issue effective during February and May 2007.

Notes to the financial statements of the Company set out on pages 58 to 88 of this circular covered the audited financial data for the years ended 31 December 2006 and 2005 only, except for note 9.

CONSOLIDATED INCOME STATEMENT

		Unaudited 01/01/2007 to 30/06/2007	Audited 01/01/2006 to 31/12/2006	Audited 01/01/2005 to 31/12/2005	Audited 01/01/2004 to 31/12/2004
	Notes	HK\$	HK\$	HK\$	HK\$
Turnover	4	404,301,000	295,055,810	162,620,520	125,003,049
Other revenue	4	1,480,000	3,367,507	2,025,440	1,017,217
Cost of sales		(364,714,000)	(266,232,745)	(175,856,857)	(133,065,935)
Loan receivable:					
– Present value adjustment		–	–	(5,770,914)	–
– Impairment loss		–	(12,500,000)	(6,729,086)	–
Unrealised gain (loss) on investments held for trading		64,315,000	(21,601,011)	(9,328,737)	14,787,456
Realised gain (loss) on disposal of available-for-sale investments		14,553,000	25,012,199	(607,864)	–
Impairment loss on available-for-sale investments		–	–	(3,000,000)	(20,000,000)
Other operating expenses		(4,210,000)	(8,840,660)	(4,814,448)	(3,372,820)
Finance costs		(635,000)	(2,056,841)	(3,051,172)	(1,178,991)
Profit (loss) before taxation	6	115,090,000	12,204,259	(44,513,118)	(16,810,024)
Taxation	7	(15,000,000)	–	–	–
Profit (loss) for the period/year		<u>100,090,000</u>	<u>12,204,259</u>	<u>(44,513,118)</u>	<u>(16,810,024)</u>
Profit (loss) attributable to equity holders	8	<u>100,090,000</u>	<u>12,204,259</u>	<u>(44,513,118)</u>	<u>(16,810,024)</u>
Earnings (loss) per share – Basic	9	<u>18.05 cents</u>	<u>5.39 cents</u>	<u>(30.81) cents</u>	<u>(23.62) cents</u>
Earnings per share – Diluted		<u>17.97 cents</u>	<u>–</u>	<u>–</u>	<u>–</u>

CONSOLIDATED BALANCE SHEET

		Unaudited	Audited		
		As at	As at 31 December		
		30 June 2007	2006	2005	2004
<i>Notes</i>		<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
ASSETS AND LIABILITIES					
Non-current assets					
Property, plant and equipment	<i>11</i>	1,878,000	1,986,770	55,563	141,954
Available-for-sale investments	<i>13</i>	183,166,000	36,093,113	43,481,071	56,753,110
Loan receivable	<i>14</i>	–	–	12,500,000	–
		<u>185,044,000</u>	<u>38,079,883</u>	<u>56,036,634</u>	<u>56,895,064</u>
Current assets					
Investments held for trading	<i>15</i>	409,535,000	186,108,664	114,155,712	53,600,270
Deposits, prepayments and other receivables		722,000	529,529	4,281,835	108,926
Bank balances and cash		408,000	576,359	61,060	1,055,097
		<u>410,665,000</u>	<u>187,214,552</u>	<u>118,498,607</u>	<u>54,764,293</u>
Current liabilities					
Other payables and accruals		16,021,000	13,033,169	17,748,826	4,744,883
Short-term borrowings, unsecured	<i>16</i>	50,000,000	–	20,378,082	–
Provision for taxation		15,000,000	–	–	–
		<u>81,021,000</u>	<u>13,033,169</u>	<u>38,126,908</u>	<u>4,744,883</u>
Net current assets		<u>329,644,000</u>	<u>174,181,383</u>	<u>80,371,699</u>	<u>50,019,410</u>
NET ASSETS		<u><u>514,688,000</u></u>	<u><u>212,261,266</u></u>	<u><u>136,408,333</u></u>	<u><u>106,914,474</u></u>
CAPITAL AND RESERVES					
Share capital	<i>17</i>	170,883,000	112,229,116	72,729,116	38,400,000
Reserves	<i>18(a)</i>	343,805,000	100,032,150	63,679,217	68,514,474
TOTAL EQUITY		<u><u>514,688,000</u></u>	<u><u>212,261,266</u></u>	<u><u>136,408,333</u></u>	<u><u>106,914,474</u></u>

BALANCE SHEET

		As at 31 December			
		2006	2005	2004	
Notes		HK\$	HK\$	HK\$	
ASSETS AND LIABILITIES					
Non-current assets					
	Property, plant and equipment	11	202,089	55,563	141,954
	Investments in subsidiaries	12	29,796,224	12,500,079	20,574,473
	Available-for-sale investments	13	30,881,560	43,481,032	56,753,110
			<u>60,879,873</u>	<u>56,036,674</u>	<u>77,469,537</u>
Current assets					
	Investments held for trading	15	163,337,389	114,155,712	53,600,270
	Deposits, prepayments and other receivables		529,529	4,281,836	108,926
	Bank balances and cash		394,529	61,045	1,055,082
			<u>164,261,447</u>	<u>118,498,593</u>	<u>54,764,278</u>
Current liabilities					
	Other payables and accruals		13,033,169	17,748,826	4,744,883
	Short-term borrowings, unsecured	16	–	20,378,082	–
			<u>13,033,169</u>	<u>38,126,908</u>	<u>4,744,883</u>
	Net current assets		<u>151,228,278</u>	<u>80,371,685</u>	<u>50,019,395</u>
	NET ASSETS		<u><u>212,108,151</u></u>	<u><u>136,408,359</u></u>	<u><u>127,488,932</u></u>
CAPITAL AND RESERVES					
	Share capital	17	112,229,116	72,729,116	38,400,000
	Reserves	18(b)	99,879,035	63,679,243	89,088,932
			<u>212,108,151</u>	<u>136,408,359</u>	<u>127,488,932</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Six months ended		31 December	
	30 June 2007	2006	2005	2004
	HK\$	HK\$	HK\$	HK\$
Opening balance – Total equity	212,261,000	136,408,333	106,914,474	97,777,597
Placements of shares	70,720,000	64,000,000	5,846,818	15,520,000
Issue of shares under share option scheme	37,370,000	–	3,990,000	–
Rights issue	119,499,000	–	52,787,600	13,440,000
Conversion of convertible notes to shares	–	–	20,000,000	–
Share issue expenses	(4,855,000)	(1,659,870)	(2,248,302)	(1,256,479)
Change in fair value of available-for-sale investments	(5,844,000)	26,320,743	(6,827,288)	(1,756,620)
Transfer to income statement on disposal of available-for-sale investments	(14,553,000)	(25,012,199)	458,149	–
Profit (Loss) for the period/year	100,090,000	12,204,259	(44,513,118)	(16,810,024)
Closing balance – Total equity	514,688,000	212,261,266	136,408,333	106,914,474

CONSOLIDATED CASH FLOW STATEMENT

		01/01/2006	01/01/2005	01/01/2004
		to	to	to
		31/12/2006	31/12/2005	31/12/2004
<i>Note</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
OPERATING ACTIVITIES				
Cash used in operations	21	(73,397,018)	(78,974,060)	(5,682,975)
Interest paid		(2,434,923)	(2,673,090)	(1,178,991)
Net cash used in operating activities		<u>(75,831,941)</u>	<u>(81,647,150)</u>	<u>(6,861,966)</u>
INVESTING ACTIVITIES				
Acquisition of property, plant and equipment		(2,925,703)	(51,780)	(62,999)
Proceeds from disposal of property, plant and equipment		–	8,300	3,000
Acquisition of available-for-sale investments		(5,058,299)	(3,000,039)	(20,000,000)
Proceeds from disposal of available-for-sale investments		38,767,000	6,295,076	22,803,908
Acquisition of subsidiaries, net of cash acquired		–	–	(8,999,984)
Dividends received		3,058,244	1,802,376	1,016,819
Interest received		165,868	223,064	398
Loan advanced to an investee		–	(25,000,000)	–
Net cash from (used in) investing activities		<u>34,007,110</u>	<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		64,000,000	5,846,818	15,520,000
Proceeds from shares issued under share option scheme		–	3,990,000	–
Share issue expenses		(1,659,870)	(2,248,302)	(1,256,479)
Proceeds from issue of convertible notes		–	20,000,000	–
New short-term borrowings		60,000,000	81,500,000	–
Repayment of short-term borrowings		(80,000,000)	(61,500,000)	–
Net cash from financing activities		<u>42,340,130</u>	<u>100,376,116</u>	<u>27,703,521</u>
Net increase (decrease) in cash and cash equivalents		515,299	(994,037)	15,602,697
Cash and cash equivalents at beginning of year		<u>61,060</u>	<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>576,359</u>	<u>61,060</u>	<u>1,055,097</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2006

1. General information

Unity Investments Holdings Limited (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 Company and its subsidiaries (collectively referred to as the “Group”) are described in note 4.

2. Principal accounting policies***Basis of preparation***

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKAS”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements also include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

These financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2005 financial statements. The adoption of the new/revised HKFRS that are relevant to the Group and effective from the current year has had no significant effects on the Group’s results and financial position for the current and prior years. A summary of the principal accounting policies adopted by the Company is set out below.

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.

2. Principal accounting policies (continued)

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, 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.

In the Company's balance sheet, investments in subsidiaries are stated at cost less impairment loss. The carrying amount of the investment is reduced to its recoverable amount on an individual basis. Results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

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 their estimated residual values, using the straight-line method, at the annual rate of 33- $\frac{1}{3}$ %.

2. Principal accounting policies (continued)***Impairment loss***

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

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

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

Financial instruments

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. They are carried at fair value, with any resultant gain and loss recognised in profit or loss.

2. Principal accounting policies (continued)*Financial instruments (continued)**Loans and receivables*

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

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated at this category or not classified in any of the other categories of financial assets. They are measured at fair value with changes in value recognised as a separate component of equity until the assets are sold, collected or otherwise disposed of, or until the assets are determined to be impaired, at which time the cumulative gain or loss previously reported in equity is transferred to the income statement. Available-for-sale financial assets that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are stated at cost less impairment loss.

Impairment of financial assets

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

When an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and current fair value, less any previously recognised impairment loss, is transferred from equity to income statement. Reversal of impairment loss of available-for-sale equity instrument is recognised in equity. Reversal of impairment loss of available-for-sale debt instruments are reversed through the income statement, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in the income statement.

2. Principal accounting policies (continued)*Financial instruments (continued)**Impairment of financial assets (continued)*

For an available-for-sale financial asset that is carried at cost, the amount of impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss shall not be reversed.

Financial liabilities

The Group's financial liabilities include other payables and unsecured short-term borrowings. All financial liabilities except for derivatives are recognised initially at their fair value and subsequently measured at amortised cost, using effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

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 issue costs. The carrying amount of the conversion option is not remeasured in subsequent years.

Issue costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

Cash equivalents

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

2. Principal accounting policies (continued)

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 from financial assets is accrued on a time-apportionment basis, by reference to the principal outstanding and at the effective interest rate applicable.

Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the Group's internal financial reporting, the Group has chosen business segment information as the primary reporting format and geographical segment as the secondary reporting format for the purpose of these financial statements.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one year.

Unallocated items mainly comprise financial and corporate assets, interest-bearing loans, borrowings, tax balances, corporate and financing expenses.

2. Principal accounting policies (continued)*Employee benefits**Defined contribution plans*

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the “MPF Scheme”) under the Mandatory Provident Fund Schemes Ordinance for all of its employees. Contributions are made based on a percentage of the employee’s basic salaries. The obligations for contributions to defined contribution retirement scheme are recognised as an expense in the income statement as incurred. 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

Equity-settled share-based payments is offered 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. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value of share options granted is expensed to the income statement with a corresponding increase in a reserve within equity 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 effect 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 nonassessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

2. Principal accounting policies (continued)***Taxation (continued)***

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

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

Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

Translation differences on non-monetary items, such as equity investments held that are classified as available for sale investments and investments held for trading, are reported as part of the fair value gain or loss.

2. Principal accounting policies (continued)***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.

3. Future changes in HKFRs

At the date of authorisation of these financial statements, the Company has not early adopted the new/revised standards and interpretations issued by the HKICPA that are not yet effective for the current year. The Group has already commenced an assessment of impact of these new/revised standards and interpretations but is not yet in a position to state whether they would significantly impact on its results of operations and financial position.

4. Turnover and revenue

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

	2006 <i>HK\$</i>	2005 <i>HK\$</i>
Turnover		
Proceeds from sale of investments held for trading	295,055,810	162,620,520
Other revenue		
Other income	3,000	–
Interest income	306,263	223,064
Dividend income – listed investments	3,058,244	1,802,376
	<u>3,367,507</u>	<u>2,025,440</u>
Total revenue	<u><u>298,423,317</u></u>	<u><u>164,645,960</u></u>

5. Segment information

The Group has determined not to present further business segment information as the Group's turnover, contribution to operating profit (2005: *loss*), assets and liabilities are attributable to the investments in listed and unlisted companies.

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the markets, and assets are attributed to the segments based on the location of the assets.

	2006			Total <i>HK\$</i>
	Hong Kong <i>HK\$</i>	Taiwan <i>HK\$</i>	United Kingdom <i>HK\$</i>	
Segment revenue	298,423,067	250	–	298,423,317
Segment assets	197,129,816	22,953,105	5,211,514	225,294,435
Capital expenditure	2,925,703	–	–	2,925,703
	<u><u>298,423,067</u></u>	<u><u>22,953,105</u></u>	<u><u>5,211,514</u></u>	<u><u>225,294,435</u></u>

No geographical analysis was presented for the year ended 31 December 2005 as the Group's assets were all located in Hong Kong.

6. Profit (loss) before taxation

	2006	2005
	<i>HK\$</i>	<i>HK\$</i>
This is stated after charging (crediting):		
Staff costs		
Employee benefits expense,		
excluding directors' remuneration	620,632	26,501
Contributions to defined contribution plans	24,935	16,370
	<u>645,567</u>	<u>42,871</u>
Other items		
Auditors' remuneration		
– understatement in last year	8,000	–
– current year	320,000	240,000
Depreciation	568,240	135,661
Exchange loss	316,520	–
Impairment loss on deposit paid		
for the acquisition of equity interest		
in an investee company	1,500,000	–
Loss (Gain) on disposal of property,		
plant and equipment	426,256	(5,790)
Operating leases in respect of:		
– land and buildings	171,995	374,000
– hire of machinery	48,569	20,796
	<u>171,995</u>	<u>374,000</u>
	<u>48,569</u>	<u>20,796</u>

7. Taxation

Hong Kong profits tax has not been provided in the financial statements as companies within the Group either incurred a loss or their estimated assessable profits for the year are wholly absorbed by unrelieved tax losses brought forward from previous years (2005: Nil).

Reconciliation of tax expense

	2006	2005
	<i>HK\$</i>	<i>HK\$</i>
Profit (Loss) before taxation	12,204,259	(44,513,118)
Income tax at applicable tax rate of 17.5% (2005: 17.5%)	2,135,746	(7,789,796)
Tax exempt revenue	(535,243)	(316,433)
Non-deductible expenses	4,146,633	3,024,439
Utilisation of previously unrecognised tax losses	(5,734,394)	–
Unrecognised tax losses	–	5,065,845
Unrecognised temporary difference	(12,742)	15,945
	<u>–</u>	<u>–</u>

8. Profit (loss) attributable to equity holders

The profit attributable to equity holders dealt with in the financial statements of the Company is HK\$12,204,332 (2005: loss of HK\$65,087,550).

9. Earnings (loss) per share

The calculation of basic earnings (2005 and 2004: loss) per share is based on the Group's profit (2005 and 2004: loss) attributable to the equity holders of HK\$12,204,259 (2005: loss of HK\$44,513,118, 2004: loss of HK\$16,810,024) and the weighted average number of 226,603,782 (2005: 144,493,449, 2004: 71,172,982) ordinary shares in issue during the year. The weighted average number of shares used in the basic earnings (2005 and 2004: loss) per share calculation for the years of 2006, 2005 and 2004 is adjusted to reflect the effect of the share consolidation and rights issue effective during February and May 2007.

Diluted earnings (loss) per share is not presented for the years of 2006, 2005 and 2004 as there was no dilutive effect.

10. Directors' and senior management's emoluments

(a) Directors' emoluments

Directors' emoluments of the Group are as follows:

	2006			Total HK\$
	Directors' fees HK\$	Salaries, allowances and benefits in kind HK\$	Retirement scheme contributions HK\$	
<i>Executive directors</i>				
Au Shuk Yee, Sue	–	26,000	1,000	27,000
Kitchell Osman Bin	–	400,200	9,410	409,610
Chung Wilson	–	291,867	7,000	298,867
Choi Ka Win	–	76,774	2,755	79,529
Wong Man Hon, Frederick	–	88,000	4,400	92,400
Pang Shuen Wai, Nichols	–	–	–	–
<i>Independent non-executive directors</i>				
Lam Ping Cheung	60,000	–	–	60,000
Chen Henri Wei Hwa	61,000	–	–	61,000
Chung Kong Fei, Stephen	–	–	–	–
Tsang Wing Ki	60,000	–	–	60,000
	<u>181,000</u>	<u>882,841</u>	<u>24,565</u>	<u>1,088,406</u>

10. Directors' and senior management's emoluments (continued)

(a) Directors' emoluments (continued)

	2005			Total HK\$
	Salaries, allowances and benefits		Retirement scheme	
	fees	in kind	contributions	
	HK\$	HK\$	HK\$	
<i>Executive directors</i>				
Pang Shuen Wai, Nichols	–	–	–	–
Au Shuk Yee, Sue	–	276,000	12,000	288,000
Kitchell Osman Bin	–	87,900	3,045	90,945
<i>Independent non-executive directors</i>				
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>

(b) Individuals with highest emoluments

Of the five individuals with highest emoluments of the Group, two (2005: four) are directors whose emoluments are disclosed in note 10(a). The aggregate of the emoluments in respect of the other three (2005: one) individuals are as follows:

	2006 HK\$	2005 HK\$
Salaries and other emoluments	512,951	26,501
Retirement scheme contributions	19,470	1,370
	<u>532,421</u>	<u>27,871</u>

Their emoluments were within the following band:

	Number of employee	
	2006	2005
HK\$Nil to HK\$1,000,000	<u>3</u>	<u>1</u>

10. Directors' and senior management's emoluments (continued)

(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 and in last year.

11. Property, plant and equipment

Group	Leasehold improvements <i>HK\$</i>	Office equipment <i>HK\$</i>	Furniture and fixtures <i>HK\$</i>	Motor vehicle <i>HK\$</i>	Total <i>HK\$</i>
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>–</u>	<u>55,563</u>
Reconciliation of carrying amount – year ended 31 December 2006					
At beginning of year	32,332	23,231	–	–	55,563
Additions	533,200	87,424	163,462	2,141,617	2,925,703
Disposals	(426,256)	–	–	–	(426,256)
Depreciation	(139,276)	(37,305)	(34,723)	(356,936)	(568,240)
At balance sheet date	<u>–</u>	<u>73,350</u>	<u>128,739</u>	<u>1,784,681</u>	<u>1,986,770</u>
At 1 January 2006					
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>–</u>	<u>55,563</u>
At 31 December 2006					
Cost	–	267,149	282,698	2,141,617	2,691,464
Accumulated depreciation	–	(193,799)	(153,959)	(356,936)	(704,694)
	<u>–</u>	<u>73,350</u>	<u>128,739</u>	<u>1,784,681</u>	<u>1,986,770</u>

11. Property, plant and equipment (continued)

Company	Leasehold improvements <i>HK\$</i>	Office equipment <i>HK\$</i>	Furniture and fixtures <i>HK\$</i>	Total <i>HK\$</i>
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>
Reconciliation of carrying amount				
– year ended 31 December 2006				
At beginning of year	32,332	23,231	–	55,563
Additions	533,200	87,424	163,462	784,086
Disposals	(426,256)	–	–	(426,256)
Depreciation	(139,276)	(37,305)	(34,723)	(211,304)
At balance sheet date	<u>–</u>	<u>73,350</u>	<u>128,739</u>	<u>202,089</u>
At 1 January 2006				
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>
At 31 December 2006				
Cost	–	267,149	282,698	549,847
Accumulated depreciation	–	(193,799)	(153,959)	(347,758)
	<u>–</u>	<u>73,350</u>	<u>128,739</u>	<u>202,089</u>

12. Investments in subsidiaries

	Company	
	2006 <i>HK\$</i>	2005 <i>HK\$</i>
Unlisted shares, at cost		
At 1 January	79	79
Addition	24	–
Write-off	(78)	–
	<u>25</u>	<u>79</u>
At 31 December		
Due from subsidiaries	85,685,464	49,018,787
Provision for doubtful debts	(55,889,265)	(36,518,787)
	<u>29,796,199</u>	<u>12,500,000</u>
Total	<u><u>29,796,224</u></u>	<u><u>12,500,079</u></u>

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

12. Investments in subsidiaries (continued)

The following is a list of the details of the subsidiaries held by the Company at 31 December 2006:

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	
				Directly	Indirectly
Ample Spring International Limited	The British Virgin Islands, limited liability company	Investment holding	1 ordinary share of US\$1 each	100%	–
Anchor Talent Limited	The British Virgin Islands, limited liability company	Investment holding	1 ordinary share of US\$1 each	–	100%
Pacific Kingdom International Limited	The British Virgin Islands, limited liability company	Investment holding	1 ordinary share of US\$1 each	100%	–
Runway Group Limited	The British Virgin Islands, limited liability company	Investment holding	1 ordinary share of US\$1 each	100%	–
Triumph Way Limited	Hong Kong, limited liability company	Investment holding	1 ordinary share of HK\$1 each	–	100%
Vision Gate Enterprises Limited	The British Virgin Islands, limited liability company	Investment holding	1 ordinary share of US\$1 each	100%	–

All of the above subsidiaries were operated in Hong Kong.

13. Available-for-sale investments

	Group		Company	
	2006	2005	2006	2005
	HK\$	HK\$	HK\$	HK\$
Equity investment				
Listed in Hong Kong	30,881,560	43,481,032	30,881,560	43,481,032
Listed overseas	5,211,514	—	—	—
	<u>36,093,074</u>	<u>43,481,032</u>	<u>30,881,560</u>	<u>43,481,032</u>
Unlisted in Hong Kong	23,000,039	23,000,039	—	—
Impairment loss	(23,000,000)	(23,000,000)	—	—
	<u>39</u>	<u>39</u>	<u>—</u>	<u>—</u>
Total	<u>36,093,113</u>	<u>43,481,071</u>	<u>30,881,560</u>	<u>43,481,032</u>

As at 31 December 2006, the carrying amount of the Company's shareholding in the following Hong Kong listed company exceeded 10% of the total assets of the Group and the Company.

Name	Place of incorporation	Principal activities	Particulars of issued share capital	Interest held
Qualipak International Holdings Limited	Bermuda	Sales of packaging products and travel bags, property development, property investment and securities trading and investment	Ordinary shares of HK\$0.01 each	0.42%

With effective from 10 January 2007, Qualipak International Holdings Limited was renamed to "C C Land Holdings Limited" and with effective from 11 January 2007, every 10 existing shares of HK\$0.01 each was consolidated into 1 new ordinary share of HK\$0.1 each.

14. Loan receivable

	Group	
	2006	2005
	<i>HK\$</i>	<i>HK\$</i>
At carrying amount	–	12,500,000

In last 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 amount was measured at amortised cost less accumulated impairment losses. As a result of impairment review conducted by the board of directors, an impairment loss of HK\$12,500,000 (2005: HK\$6,729,086) has been recognised in the income statement.

15. Investments held for trading

	Group		Company	
	2006	2005	2006	2005
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Equity investment				
– listed in Hong Kong	133,362,389	106,055,712	133,362,389	106,055,712
– listed overseas	41,746,275	–	18,975,000	–
	175,108,664	106,055,712	152,337,389	106,055,712
Debt investment, unlisted	11,000,000	8,100,000	11,000,000	8,100,000
	186,108,664	114,155,712	163,337,389	114,155,712

15. Investments held for trading (continued)

As at 31 December 2006, the carrying amount of the Company's shareholding in the following company exceeded 10% of the total assets of the Group and the Company:

Name	Place of incorporation	Principal activities	Particulars of issued share capital	Interest held
Y.T. Realty Group Limited	Bermuda	Property investment, property trading and providing property management services	Ordinary shares of HK\$0.1 each	2.65%

As at 31 December 2006, the carrying amount of the Group's shareholding in the following Taiwan company exceeded 20% of the total issued share of the investee company:

Name	Place of incorporation	Principal activities	Particulars of issued share capital	Interest held
Universal Technology Systems Inc. ("Universal")	Taiwan	System solutions and integrations, sourcing of computer softwares and hardwares	Ordinary share of TWD10 each	29.96% (note)

Note:

- (i) Universal is not considered as an associate of the Group as the Group has no significant influence over its financial and operating policy decision.
- (ii) A director of the investee company has an option to purchase certain of these investments at a later date subject to conditions. In the opinion of the directors, it is pre-mature to determine whether the conditions will be satisfied and therefore, all of these investments are classified as held for trading.

16. Short-term borrowings

The amounts represented the loans from third parties and were unsecured, interest bearing ranging from prime rate plus 1% or 2% per annum and repayable within one year. All the amounts due were fully repaid during the year.

17. Share capital

	<i>Note</i>	Number of ordinary shares of HK\$0.1 each	Number of ordinary shares of HK\$0.01 each	Nominal value <i>HK\$</i>
<i>Authorised:</i>				
At 1 January 2005		400,000,000	–	40,000,000
Subdivision of shares		(400,000,000)	4,000,000,000	–
		–	4,000,000,000	40,000,000
Increase by the creation of additional 46,000,000,000 shares of HK\$0.01 each		–	46,000,000,000	460,000,000
Share consolidation		5,000,000,000	(50,000,000,000)	–
At 31 December 2005, 1 January 2006 and 31 December 2006		<u>5,000,000,000</u>	<u>–</u>	<u>500,000,000</u>
<i>Issued and fully paid:</i>				
At 1 January 2005		384,000,005	–	38,400,000
Issuance of shares		15,998,000	–	1,599,800
Issuance of shares under share option scheme		39,900,000	–	3,990,000
Capital reduction		(439,898,005)	439,898,005	(39,590,820)
		–	439,898,005	4,398,980
Issuance of shares		–	87,978,000	879,780
Share consolidation		52,787,600	(527,876,005)	–
Rights issue		527,876,000	–	52,787,600
Conversion of convertible notes		146,627,563	–	14,662,756
At 31 December 2005 and 1 January 2006		727,291,163	–	72,729,116
Issuance of shares	<i>(i) & (ii)</i>	395,000,000	–	39,500,000
At balance sheet date		<u>1,122,291,163</u>	<u>–</u>	<u>112,229,116</u>

17. Share capital (continued)*Notes:*

- (i) 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 of share issuing cost have been increased by HK\$25,000,000 and HK\$9,118,444 respectively.
- (ii) On 15 May 2006, the Company allotted and issued 145,000,000 ordinary shares of HK\$0.1 each of the Company to independent investors at the placing price of HK\$0.2 per share. As a result of such issue, the issued and fully paid share capital and the share premium net of share issuing cost have been increased by HK\$14,500,000 and HK\$13,721,686 respectively.

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

18. Reserves**(a) Group**

	2005				Total HK\$
	Share premium HK\$	Investment revaluation reserve HK\$	Contributed surplus HK\$	Accumulated losses HK\$	
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
Share 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 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	89,791,623	13,633,188	–	(39,745,594)	63,679,217

18. Reserves (continued)

(a) Group (continued)

	2006				Total HK\$
	Share	Investment	Contributed	Accumulated	
	premium	revaluation	surplus	losses	
	HK\$	HK\$	HK\$	HK\$	
At beginning of year	89,791,623	13,633,188	–	(39,745,594)	63,679,217
Issues of shares	24,500,000	–	–	–	24,500,000
Share issue expenses	(1,659,870)	–	–	–	(1,659,870)
Change in fair value of available-for-sale investments	–	26,320,743	–	–	26,320,743
Transfer to profit or loss upon disposal of available-for-sale investments	–	(25,012,199)	–	–	(25,012,199)
Profit for the year	–	–	–	12,204,259	12,204,259
At balance sheet date	112,631,753	14,941,732	–	(27,541,335)	100,032,150

(b) Company

	2005				Total HK\$
	Share	Investment	Contributed	Accumulated	
	premium	revaluation	surplus	losses	
	HK\$	HK\$	HK\$	HK\$	
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
Share 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	89,791,623	13,633,188	–	(39,745,568)	63,679,243

18. Reserves (continued)

(b) Company (continued)

	2006				Total HK\$
	Share	Investment	Contributed	Accumulated	
	premium	revaluation	surplus	losses	
	HK\$	HK\$	HK\$	HK\$	HK\$
At beginning of year	89,791,623	13,633,188	-	(39,745,568)	63,679,243
Issues of shares	24,500,000	-	-	-	24,500,000
Share issue expenses	(1,659,870)	-	-	-	(1,659,870)
Change in fair value of available-for-sale investments	-	26,167,529	-	-	26,167,529
Transfer to profit or loss on disposal of available-for-sale investments	-	(25,012,199)	-	-	(25,012,199)
Profit for the year	-	-	-	12,204,332	12,204,332
At balance sheet date	112,631,753	14,788,518	-	(27,541,236)	99,879,035

The Company had a distributable reserve of HK\$85,090,517 as at 31 December 2006 (2005: HK\$50,046,055), 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.

19. Pledge of assets

As at 31 December 2006, 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 2006, a total amount of HK\$12,202,326 (2005: HK\$17,167,218) had been utilised against these facilities and the total carrying amount of the available-for-sale investments and investments held for trading pledged to the securities brokers is HK\$163,844,749 (2005: HK\$148,208,064).

20. Deferred taxation

Deferred taxation is calculated in full on temporary differences under the liability method using a principal taxation rate of 17.5% (2005: 17.5%).

Unrecognised deferred tax assets arising from

	2006	2005
	<i>HK\$</i>	<i>HK\$</i>
Deductible temporary difference	88,907	169,478
Tax losses	22,622,037	54,619,245
	<u>22,710,944</u>	<u>54,788,723</u>
At the balance sheet date	<u><u>22,710,944</u></u>	<u><u>54,788,723</u></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.

21. Cash used in operations

	2006	2005
	<i>HK\$</i>	<i>HK\$</i>
Profit (Loss) before taxation	12,204,259	(44,513,118)
Depreciation	568,240	135,661
Loss (Gain) on disposals of property, plant and equipment	426,256	(5,790)
Unrealised loss on investments held for trading	21,601,011	9,328,737
Impairment loss on available-for-sale investments	–	3,000,000
(Gain) Loss on disposal of available-for-sale investments	(25,012,199)	607,864
Impairment loss on deposit paid for acquisition of an investee company	1,500,000	–
Interest income	(306,263)	(223,064)
Interest expenses	2,056,841	3,051,172
Dividend income	(3,058,244)	(1,802,376)
Change in fair value of loan receivable	12,500,000	12,500,000
Change in working capital		
Investments held for trading	(93,553,963)	(69,884,179)
Deposits, prepayments and other receivables	2,392,701	(4,172,910)
Other payables and accruals	(4,715,657)	13,003,943
Cash used in operations	(73,397,018)	(78,974,060)

22. Operating lease commitments

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

	2006	2005
	<i>HK\$</i>	<i>HK\$</i>
Within one year	351,756	20,796
In the second to fifth years inclusive	396,966	58,922
	748,722	79,718

23. Connected and related party transactions

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

Relationship with the Company	Nature of transaction	2006 HK\$	2005 HK\$
A company under common directorship (<i>Note i</i>) and being the Company's investment manger	Investment management fee paid (<i>Note ii</i>)	600,000	600,000

Note:

- (i) Dr. Pang Shuen Wai, Nichols, was a director of CU Investment Management Limited ("CUIM") during the year until 30 June 2006 and he resigned as an executive director of the Company on 12 June 2006.
- (ii) CUIM has been engaged in providing the Group with investment management services. Pursuant to an agreement dated 25 October 2004, which was renewed on 15 December 2005 under the same terms to cover the period up to 31 December 2006, CUIM was entitled to receive a monthly management fee payable in advance at a flat rate of HK\$50,000.

24. 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

One of the financing strategies adopted by the Group was obtaining short-term borrowings. The Group's interest rates on its short-term borrowings are mainly the bank's prime rate plus or minus certain percentage.

24. Financial risk management objectives and policies (continued)*Financial risk factors (continued)**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 investments 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 including available-for-sale investments and investments held for trading is based on the quoted market bid prices available on the relevant Stock Exchanges.

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

The fair value of unlisted debt securities included in investments held for trading, determined based on the present value of the estimated future cash flows discounted using the prevailing market rate, approximate their corresponding carrying amounts.

Impairment of investments

The Company assesses annually if investment in subsidiaries has suffered any impairment in accordance with HKAS 36 and follows the guidance of HKAS 39 in determining whether amounts due from those entities are impaired. Details of the approach are stated in the respective accounting policies. The assessment requires an estimation of future cash flows, including expected dividends, from the assets and the selection of appropriate discount rates. Future changes in financial performance and position of these entities would affect the estimation of impairment loss and cause the adjustments of their carrying amounts.

25. Post balance sheet events**(i) Capital reorganisation**

At the extraordinary general meeting of the Company held on 17 November 2006, the resolutions in respect of the Capital Reorganisation including reduction of capital, adjustment of nominal value of the issued shares of the Company were approved by the shareholders. The Capital Reduction was approved by the Grand Court of the Cayman Islands on 9 February 2007 and become effective after 4:00 p.m. on 13 February 2007 (the “Effective Date”), details of which are 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\$112,229,116 consisting of 1,122,291,163 ordinary shares of HK\$0.1 each was reduced by HK\$101,006,204 to HK\$11,222,912 consisting of 1,122,291,163 ordinary shares of HK\$0.01 each (the “Reduced Share”);
- (b) Every 10 issued Reduced Shares of HK\$0.01 each be consolidated into one Consolidated Share of HK\$0.1 (the “Adjusted Share”), thus the adjusted share capital of will become HK\$11,222,912 consisting of 112,229,116 ordinary shares of HK\$0.1 each; and
- (c) the credit amount of HK\$101,006,204 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.

25. Post balance sheet events (continued)**(ii) Share option granted and exercised**

On 15 February 2007, share options totally 7,270,000 had been granted to the directors and independent investors of the Company under the Share Option Scheme at an exercise price of HK\$0.53 per share. These options had been fully exercised on 2 March 2007.

	Number of options
Directors	3,300,000
Independent investors	3,970,000
	<hr/>
	7,270,000
	<hr/> <hr/>

(iii) Rights issue

On 12 March 2007, the Company proposed a rights issue of 1,194,991,160 Rights Shares on the basis of ten Rights Share for every existing share held by qualifying shareholders, which proposal has been approved by its shareholders at an extraordinary general meeting on 19 April 2007.

26. Comparative figures

Realised loss on disposal of available-for-sale investments of HK\$607,864, which was included in other operating expenses for the year 2005, has been separately presented on the consolidated income statement to conform with the current year's presentation.

2. STATEMENT OF INDEBTEDNESS**2.1 Borrowings and debts**

At the close of business on 30 November 2007, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the total indebtedness of the Group amounted to approximately HK\$6.2 million, representing the outstanding margin financing payable as described below.

The Group has pledged its investments held for trading and available-for-sale investments, which are approximately HK\$410 million, to secure margin financing facilities obtained from regulated securities dealers. As at 30 November 2007, these facilities have been utilised up to the extent of HK\$6.2 million.

2.2 Contingent liabilities

As at 30 November 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 30 November 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 2006, being the date to which the latest published audited accounts of the Company were made up.

3. MATERIAL CHANGES

The Directors are not aware of any material adverse changes in the financial or trading position of the Group since 31 December 2006, being the date to which latest audited financial statements of the Group were made up.

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, the Group has sufficient working capital for its present requirements in at least the next twelve months following the date of this circular.

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 Capital Reorganisation and the Rights Issue as if it has been undertaken and completed on 30 June 2007. 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 Capital Reorganisation and the Rights Issue.

	Unaudited consolidated net tangible assets of the Group attributable to the shareholders as at 30 June 2007 <i>(Note iii)</i> <i>HK\$'000</i>	Estimated net proceeds from the Rights Issue <i>(Note iv)</i> <i>HK\$'000</i>	Unaudited pro forma consolidated net tangible assets of the Group attributable to the shareholders after the Rights Issue <i>HK\$'000</i>	Unaudited consolidated net tangible assets per Share as at 30 June 2007 <i>(Note v)</i> <i>HK\$</i>	Unaudited pro forma consolidated net tangible assets per Adjusted Share after the Capital Reorganisation and the Rights Issue <i>(Note vi)</i> <i>HK\$</i>
Rights Issue of 1,565,797,810 Rights Shares <i>(Note i)</i>	514,688	182,198	696,886	0.30	0.37
Rights Issue of 2,035,537,155 Rights Shares <i>(Note ii)</i>	514,688	237,158	751,846	0.30	0.31

Notes:

- (i) The Rights Issue of 1,565,797,810 Rights Shares is based on 313,159,562 Adjusted Shares.

- (ii) The Rights Issue of 2,035,537,155 Rights Shares is based on 407,107,431 Adjusted Shares, representing the total of 313,159,562 Adjusted Shares, 31,315,956 Adjusted Shares which may be issued and allotted to the holders of options granted pursuant to Share Option Scheme on or before the Record Date and 62,631,913 Adjusted Shares which may be issued and allotted to the allottees pursuant to the General Mandate on or before the Record Date.
- (iii) The unaudited consolidated net tangible assets of the Group attributable to the Shareholders of the Company as at 30 June 2007 is derived from the 2007 interim report of the Company.
- (iv) The estimated net proceeds from the Rights Issue is based on 1,565,797,810 or 2,035,537,155 Rights Shares to be issued at the Subscription Price of HK\$0.12 per Rights Share, after the deduction of the estimated related expenses of approximately HK\$5.7 million and HK\$7.1 million respectively.
- (v) The calculation of the unaudited consolidated net tangible assets per Share is based on 1,708,828,331 Shares in issue as at 30 June 2007.
- (vi) The calculation of the unaudited pro forma consolidated net tangible assets per Adjusted Share after the Capital Reorganisation and the Rights Issue is based on (a) 1,878,957,372 Adjusted Shares which represent 313,159,562 Adjusted Shares and 1,565,797,810 Rights Shares expected to be issued on the completion of the Capital Reorganisation and the Rights Issue, or (b) 2,442,644,586 Adjusted Shares which represent 407,107,431 Adjusted Shares and 2,035,537,155 Rights Shares expected to be issued on the completion of the Capital Reorganisation and the Rights Issue.



MAZARS CPA LIMITED
馬賽會計師事務所有限公司
34th Floor, The Lee Gardens,
33 Hysan Avenue, Causeway Bay, Hong Kong
香港銅鑼灣希慎道33號利園廣場34樓

7 January 2008

The Directors
Unity Investments Holdings Limited
Unit 2103, 21st Floor, 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 on pages 90 to 91 under the heading of statement of unaudited pro forma consolidated net tangible assets of the Group in Appendix II of the Company’s circular dated 7 January 2008 (the “Circular”) in connection with the proposed capital reorganisation (the “Capital Reorganisation”) and 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 Capital Reorganisation and the Rights Issue might have affected the financial information of the Group as at 30 June 2007. The basis of preparation of the pro forma financial information is set out on pages 90 to 91 to the Circular.

Respective Responsibilities of Directors and Reporting Accountants

It is the responsibility solely of the Directors to prepare the unaudited pro forma financial information in accordance with paragraph 4.29 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 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion solely 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 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 pro forma financial information with the Directors. 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 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 4.29(1) of the Listing Rules.

The unaudited pro forma financial information is for illustrative purposes only, based on the judgements and assumptions of the Directors, 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 2007 or any future date.

Opinion

In our opinion:

- a. the unaudited pro forma financial information has been properly compiled by the Directors 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 4.29(1) of the Listing Rules.

Yours faithfully,

Mazars CPA Limited
Certified Public Accountants
Hong Kong

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with respect to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, there are no other facts 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 was as follows:

<i>Authorised:</i>		<i>HK\$</i>
<u>20,000,000,000</u>	Shares	<u>2,000,000,000.00</u>

<i>Issued and fully paid or credited as fully paid:</i>		<i>HK\$</i>
<u>3,131,595,629</u>	Shares as at the Latest Practicable Date	<u>313,159,562.90</u>

<i>Issued share capital upon completion of the Rights Issue (assuming no Option is granted and the Issue Mandate is not utilised from the Latest Practicable Date to the completion date of the Rights Issue):</i>		<i>HK\$</i>
<u>1,878,957,372</u>	Adjusted Shares	<u>187,895,737.20</u>

<i>Issued share capital upon completion of the Rights Issue (assuming all the Options are granted and fully exercised and full utilisation of the Issue Mandate from the Latest Practicable Date to the completion date of the Rights Issue):</i>		<i>HK\$</i>
<u>2,442,644,586</u>	Adjusted Shares	<u>244,264,458.60</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 on/in 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 on/in any other stock exchange.

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

As at the Latest Practicable Date, there are (i) Options to subscribe up to an aggregate of 313,159,562 Shares under the scheme mandate limit available to the Company under the Share Option Scheme; and (ii) the Issue Mandate, which authorises the Directors to issue and allot up to 626,319,125 Shares, has not been utilised.

Save as mentioned above, the Company has no other outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares as at the Latest Practicable Date.

3. DISCLOSURE OF INTERESTS

3.1 Interests of Directors

As at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange.

3.2 Interests of substantial Shareholders

As at the Latest Practicable Date, so far as is known to the Directors and the chief executives 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
Willie International Holdings Limited (<i>Note i</i>)	Interest in controlled corporation	410,118,799	13.10%
Heritage International Holdings Limited (<i>Note ii</i>)	Interest in controlled corporation	199,928,000	6.38%

Notes:

- (i) Willie International Holdings Limited (stock code: 273), a company listed on the Stock Exchange, is interested in the share capital of the Company indirectly through its wholly-owned subsidiary, Pearl Decade Limited.
- (ii) 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.

Save as disclosed above, as at the Latest Practicable Date, the Directors and the chief executives 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 and proposed to enter 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 experts who have given advices or opinions in this circular:

Name	Qualification
Menlo Capital	a corporation licensed to carry out business in type 6 (advising on corporate finance) regulated activity under the SFO
Mazars CPA Limited	Certified Public Accountants

Each of Menlo Capital and Mazars CPA Limited has given and has not withdrawn its written consent to (i) the issue of this circular with the inclusion of its letter as set out in this circular; and (ii) any reference to its name in the form and context in which it appears.

As at the Latest Practicable Date, Menlo Capital and Mazars CPA Limited were 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 2006, 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 from HK\$5.7 million to HK\$7.1 million subject to number of Rights Shares to be issued 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
CHUNG Kong Fei, Stephen	33 Shuicheng Rd. South Shanghai 201103 China
TSANG Wing Ki	Unit 304, 3rd Floor Lippo Sun Plaza 28 Canton Road Tsim Sha Tsui, Kowloon Hong Kong
SWARTZ Kristi Lynn	Room 1202, 12th Floor Dina House Ruttonjee Centre 11 Duddell Street Hong Kong

Executive Directors

Mr. CHUNG Wilson, aged 55, 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. Mr. CHUNG 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 43 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. Mr. KITCHELL 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 25, 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.

Independent non-executive Directors

Mr. CHUNG Kong Fei, Stephen, aged 51, 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 currently the independent non-executive director of Computech Holdings Limited (stock code: 8081), a company listed on the Stock Exchange. Mr. CHUNG was appointed as an independent non-executive director of the Company on 16 March 2004.

Mr. TSANG Wing Ki, aged 46, 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. Mr. TSANG 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.

Ms. SWARTZ Kristi Lynn, aged 38, obtained B.B.A., M.B.A. and LL.M. degrees, and is a member of Law Societies of Hong Kong, England and Wales. Ms. SWARTZ is head of Swartz Solicitors. Ms. SWARTZ has a wealth of knowledge on legal matters and corporate structuring, and is also well versed in PRC Law, company formation and corporate litigation matters. Ms. SWARTZ is currently the independent non-executive director of Mascotte Holdings Limited (stock code: 136) and Forefront Group Limited (stock code: 885), both companies listed on the Stock Exchange. Ms. SWARTZ was appointed as an independent non-executive director of the Company on 1 November 2007.

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	Tricor 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	Mazars CPA Limited <i>Certified Public Accountants</i> 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 circular and are or may be material:

- (i) an agreement dated 2 May 2006 entered into between the Company and Chung Nam Securities 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;
- (ii) an agreement dated 9 March 2007 and a supplemental dated 13 March 2007 entered into between the Company and Get Nice Investment Limited in relation to the Rights Issue of 1,194,991,160 rights shares on the basis of ten rights shares for every share held by qualifying shareholders at subscription price of HK\$0.1 per rights shares. Details of which have already been disclosed in the announcement of the Company dated 12 March 2007;

- (iii) an agreement dated 4 June 2007 entered into between the Company and Chung Nam Securities Limited regarding a placing of 262,898,055 new Shares at a placing price of HK\$0.269 per share. Details of which have already been disclosed in the announcement of the Company dated 4 June 2007;
- (iv) an agreement dated 12 July 2007 entered into between the Company and Chung Nam Securities Limited regarding a placing of 341,765,666 new Shares at a placing price of HK\$0.2 per share. Details of which have already been disclosed in the announcement of the Company dated 12 July 2007;
- (v) an agreement dated 18 July 2007 and a supplemental agreement dated 20 August 2007 entered into between the Company and Ms. Lo Ki Yan, Karen regarding a subscription of 500,000,000 new shares at a subscription price of HK\$0.14 per share. Details of which have already disclosed in the announcement of the Company dated 19 July 2007 and 20 August 2007;
- (vi) an agreement dated 29 October 2007 entered into between the Company and Pearl Decade Limited regarding a subscription of 410,118,799 new shares at a subscription price of HK\$0.11 per share. Details of which have already disclosed in the announcement of the Company dated 30 October 2007; 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 circular 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 2006, 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 circular 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 circular shall prevail over the Chinese text.

13. 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 the circular up to and including 26 May 2008:

- (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 2004, 31 December 2005 and 31 December 2006;
- (iii) the interim report of the Group for the six months ended 30 June 2007;
- (iv) the comfort letter issued by Mazars CPA Limited on pro forma statement of unaudited adjusted consolidated net tangible assets of the Group, the text of which is set out on pages 92 and 93 of the circular;
- (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.

NOTICE OF EXTRAORDINARY GENERAL MEETING



Unity Investments Holdings Limited

合一投資控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 913)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Unity Investments Holdings Limited 合一投資控股有限公司 (the “Company”) will be held at 30th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong on Wednesday, 30 January 2008 at 9:00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions as a special resolution and an ordinary resolution respectively:–

SPECIAL RESOLUTION

1. **“THAT**, conditional upon (i) the Listing Committee of the Stock Exchange granting approval of the listing of and permission to deal in the Adjusted Shares (as defined below); (ii) approval by the Grand Court of Cayman Islands (the “Court”) and (iii) compliance with any conditions imposed by the Court and with effect from the date on which those conditions are fulfilled:–
 - (A) the issued share capital of the Company as at the date of filing of the order of the Court relating to the Capital Reduction (as defined below) at the Registrar of Companies in the Cayman Islands (“Order Date”) be reduced by cancelling paid up capital to the extent of HK\$0.09 on each of the Shares in issue as of the date of this resolution (the “Capital Reduction”) so that each issued share of HK\$0.10 in the capital of the Company shall be treated as one fully paid up share of HK\$0.01 in the capital of the Company (“Reduced Share”) and any liability of the holders of such shares to make any further contribution to the capital of the Company on each such share shall be treated as satisfied;
 - (B) every ten issued Reduced Shares of HK\$0.01 each be consolidated into one Consolidated Share of HK\$0.10 (“Adjusted Share”) and any fraction of Adjusted Shares arising from the share consolidation shall not be allocated to the holders of the Reduced Shares otherwise entitled thereto but such fractions shall be aggregated and be sold for the benefit of the Company (“Share Consolidation”);
 - (C) the credit arising from the Capital Reduction be applied towards cancelling the accumulated deficit of the Company (if any) with the entire amount or the balance to be transferred to the distributable capital reduction reserve account of the Company;

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (D) all of the Adjusted Shares resulting from the Capital Reduction shall rank *pari passu* in all respects and have the rights and privileges and be subject to the restrictions contained in the Company's articles of association; and
- (E) the directors of the Company be and are hereby authorised generally to do all things they may consider appropriate and desirable to effect and implement the Capital Reduction, Share Consolidation and application of credit arising from the Capital Reduction (together with "Capital Reorganisation")."

ORDINARY RESOLUTION

- 2. **“THAT** conditional the Capital Reorganisation referred to in resolution (1) becoming effective and on the obligations of Chung Nam Securities Limited (the "Underwriter") becoming unconditional under the underwriting agreement dated 10 December 2007 (as amended by a supplemental agreement dated 12 December 2007) (the "Underwriting Agreement") between the Company and the Underwriter:–
 - (i) the issue of not less than 1,565,797,810 and not more than 2,035,537,155 Adjusted Shares as defined in Resolution 1 of the notice convening this meeting ("Rights Shares") pursuant to an offer by way of rights to holders of shares in the Company at HK\$0.12 per Rights Share (the "Rights Issue") in the proportion of five Rights Shares for every one share held by holders of shares (the "Shareholders") whose names appear on the register of members of the Company on 28 April 2008 (or such other date as the Underwriter may be agree in writing with the Company) (the "Record Date") other than those Shareholders whose addresses on the register of members of the Company are outside Hong Kong on the Record Date 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 Shareholders 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 (the "Non Qualifying Shareholders"), on and subject to the terms and conditions set out in a circular to the Shareholders in respect of the Rights Issue dated 7 January 2008 (the "Circular") (a copy of which having been produced to this meeting and marked "A" and initialled by the chairman of the meeting for the purpose of identification) and on such other terms and conditions as may be determined by the directors of the Company be and is hereby approved provided that (i) fractional entitlements shall not be issued but shall be aggregated and sold if premium net of expenses could be obtained for the benefit of the Company; (ii) no Rights Shares shall be offered to Non Qualifying Shareholders and the Rights Shares which would otherwise have been offered to them shall be sold if a premium net of expenses

NOTICE OF EXTRAORDINARY GENERAL MEETING

is obtained and to the extent that such rights can be sold, the net proceeds of such sale (after deducting the expenses of sale) be distributed to the Non Qualifying Shareholders pro rata to their holding of shares provided further that individual amounts of HK\$100 or less shall be retained for the benefit of the Company; and (iii) to the extent that the Rights Shares referred to in (i) and (ii) above are not sold as aforesaid, such Rights Shares together with any Rights Shares provisionally allotted but not accepted shall be offered for application under forms of application for excess Rights Shares; and

- (ii) any one director of the Company be and is hereby authorised to issue and allot the Rights Shares on terms as set out in the Circular and to do all such acts and things, to sign and execute all such further documents and to take such steps as the directors of the Company may in their absolute discretion consider necessary, appropriate, desirable or expedient to give effect to or in connection with the Rights Issue and any of the transactions contemplated thereunder.”

By order of the Board of
UNITY INVESTMENTS HOLDINGS LIMITED
合一投資控股有限公司
CHUNG Wilson
Chairman & Executive Director

Hong Kong, 7 January 2008

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person (who must be an individual) as his proxy to attend and vote instead of him and so appointed shall have the same right as the member to speak at the meeting. On a poll votes may be given either personally or by proxy. A proxy need not be a member of the Company.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney authorised in writing, or if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person duly authorised to sign the same.
3. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered to the Company's share registrar, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in such instrument proposes to vote. Delivery of any instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting or poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. Where there are joint registered holders of any share, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register in respect of the relevant joint holding.
5. A form of proxy for use at the extraordinary general meeting is enclosed herewith.