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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 (合一投資控股有限公司) (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.

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Unity Investments Holdings Limited

合一投資控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 913)

**PROPOSED CAPITAL REORGANISATION;
PROPOSED RIGHTS ISSUE ON THE BASIS OF EIGHT RIGHTS SHARES
FOR EVERY ADJUSTED SHARE HELD ON THE RECORD DATE;
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

Financial Adviser



結好融資有限公司
GET NICE CAPITAL LIMITED

Underwriter of the Rights Issue



結好證券有限公司
GET NICE SECURITIES LIMITED

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

VEDA | CAPITAL
智 略 資 本

It should be noted that the Shares will be dealt in on an ex-rights basis from Thursday, 2 December 2010. Dealings in the Rights Shares in the nil-paid form will take place from Tuesday, 14 December 2010 to Wednesday, 22 December 2010 (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 the nil-paid Rights Shares during the period from Tuesday, 14 December 2010 to Wednesday, 22 December 2010 (both dates inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

A letter of advice from Veda Capital Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 31 to 45 of this circular and a letter of recommendation from the Independent Board Committee to the Independent Shareholders is set out on page 30 of this circular.

A notice convening an extraordinary general meeting of the Company to be held at 30th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong at 9:00 a.m. on Friday, 24 September 2010 is set out on pages 76 to 78 of this circular. Whether or not you are able to attend the meeting in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited at 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.

It should be noted that the Underwriting Agreement in respect of the Rights Issue contains provisions entitling the Underwriter by notice in writing to the Company at any time prior to 4:00 p.m. on the Settlement Date to terminate the obligations of the Underwriter thereunder on the occurrence of certain events including force majeure. These events are set out under the section headed “Termination of the Underwriting Agreement” on pages 19 to 20 of this circular. If the Underwriter terminates the Underwriting Agreement in accordance with the terms thereof, the Rights Issue will not proceed. In addition, the Rights Issue is conditional on all conditions set out on pages 18 to 19 of this circular being fulfilled or waived (as applicable). If such conditions have not been satisfied or waived (as applicable) in accordance with the Underwriting Agreement on or before the time and dates specified therein, all liabilities of the parties to the Underwriting Agreement shall cease and determine and none of the parties shall have any claim against the other save that all such reasonable costs, fees and other out-of-pocket expenses (excluding sub-underwriting fees and related expenses) as have been properly incurred by the Underwriter in connection with the underwriting of the Underwritten Shares by the Underwriter (but not the underwriting commission) shall to the extent agreed by the Company be borne by the Company and the Rights Issue will not proceed.

31 August 2010

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EXPECTED TIMETABLE

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

2010

Latest time for return of proxy form of EGM
(not less than 48 hours prior to time of EGM) 9:00 a.m., Wednesday, 22 September

EGM 9:00 a.m., Friday, 24 September

Announcement of results of EGM Friday, 24 September

The following events are conditional on the results of the EGM and the relevant Court hearings. The dates are therefore tentative.

Last day of dealings in Shares on a cum-rights basis Wednesday, 1 December

First day of dealings in Shares on an ex-rights basis Thursday, 2 December

Latest time for lodging transfers of Shares
in order to qualify for the Rights Issue. 4:30 p.m. on Friday, 3 December

Register of members to be closed. Monday, 6 December
Thursday, 9 December
(both dates inclusive)

Effective date of the Capital Reorganisation after 4:00 p.m., Thursday, 9 December

Record Date Thursday, 9 December

Register of members to be re-opened Friday, 10 December

Prospectus Documents to be posted Friday, 10 December

Commencement of dealings in Adjusted Shares 9:30 a.m., Friday, 10 December

Original counter for trading in Shares
(in board lots of 10,000 Shares) to be closed 9:30 a.m., Friday, 10 December

Temporary counter for trading in Adjusted Shares
in board lots of 500 Adjusted Shares
(in form of existing share certificates) to be opened. 9:30 a.m., Friday, 10 December

Free exchange of existing share certificates
for new share certificates for the Adjusted Shares
commences. Friday, 10 December

EXPECTED TIMETABLE

2010

First day of dealings in nil-paid Rights Shares	Tuesday, 14 December
Latest time for splitting of nil-paid Rights Shares	4:30 p.m. on Friday, 17 December
Last day of dealings in nil-paid Rights Shares	Wednesday, 22 December
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., Friday, 24 December
Original counter for trading in Adjusted Shares (in board lots of 10,000 Adjusted Shares in the form of new share certificates for Adjusted Shares) to be re-opened	9:30 a.m., Friday, 24 December
Parallel trading in Adjusted Shares (in form of new certificate and existing certificate) begins	9:30 a.m., Friday, 24 December
Latest time for acceptance of and payment for Rights Shares and for application and payment for excess Rights Shares	4:00 p.m. on Wednesday, 29 December
Rights Issue expected to become unconditional	after 4:00 p.m. on Friday, 31 December

2011

Announcement of results of acceptance and excess application of the Rights Issue	Wednesday, 5 January
Refund cheques for wholly and partially unsuccessful applications for excess Rights Shares expected to be posted on or before	Thursday, 6 January
Certificates for fully-paid Rights Shares expected to be despatched on or before	Thursday, 6 January
First day of dealings in the fully-paid Rights Shares	Monday, 10 January
Temporary counter for trading in Adjusted Shares in board lots of 500 Adjusted Shares (in form of existing share certificates) to be closed	4:00 p.m., Friday, 14 January
Parallel trading in Adjusted Shares (in form of new and existing certificate) ends	4:00 p.m., Friday, 14 January

EXPECTED TIMETABLE

2011

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., Friday, 14 January

Free exchange of existing share certificates for
new share certificates ends Tuesday, 18 January

All times and dates in this circular refer to Hong Kong local times and dates.

Dates or deadlines specified above for events in the timetable for (or otherwise in relation to) the Capital Reorganisation and the Rights Issue are indicative only and may be extended or varied by the Company. Any changes to the expected timetable will be announced as and when appropriate.

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES AND FOR APPLICATION AND PAYMENT FOR EXCESS RIGHTS SHARES

The latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will not take place if there is:

- (i) a tropical cyclone warning signal number 8 or above, or
- (ii) 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 Acceptance Date. Instead the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
 - (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Acceptance Date. Instead the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m..

If the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares does not take place on the Acceptance Date, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event.

DEFINITIONS

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

“Acceptance Date”	4:00 p.m. on 29 December 2010 (or such other date as the Underwriter may agree in writing with the Company as the latest date for acceptance of, and payment for, Rights Shares and application and payment for the excess Rights Shares)
“Adjusted Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company upon the Capital Reorganisation becoming effective
“Adjustment Proposal”	the Capital Reduction and the application of the credit arising from the Capital Reduction as described in the section headed “Proposed Capital Reorganisation” in this circular
“Announcement”	the announcement of the Company dated 27 July 2010 relating to, inter alia, the Capital Reorganisation and the Rights Issue
“Articles”	the articles of association of the Company
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday or Sunday) on which banks are generally open for business more than five hours in Hong Kong
“Capital Reduction”	the proposed reduction of the issued share capital of the Company as described in the section headed “Proposed Capital Reorganisation” in this circular
“Capital Reorganisation”	the Share Consolidation, Adjustment Proposal and subdivision of authorised but unissued Shares as described in the section headed “Proposed Capital Reorganisation” in this circular
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies Law”	The Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)

DEFINITIONS

“Company”	Unity Investments Holdings Limited (合一投資控股有限公司), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Consolidated Share(s)”	ordinary share(s) of HK\$2.00 each in the issued share capital of the Company upon the Share Consolidation becoming effective
“Court”	the Grand Court of the Cayman Islands
“Custodian”	Chong Hing Bank Limited (formerly known as Liu Chong Hing Bank Limited)
“Custodian Agreement”	the custodian agreement dated 8 November 2005 entered into the Company and the Custodian
“Director(s)”	director(s) of the Company
“EAF(s)”	the form(s) of application proposed to be issued to the Qualifying Shareholders who wish to apply for excess Rights Shares, being in such usual form as may be agreed between the Company and the Underwriter
“EGM”	the extraordinary general meeting of the Company to be held on Friday, 24 September 2010, at 30th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong at 9:00 a.m. to approve the Capital Reorganisation and the Rights Issue
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	a committee of the Board comprising all the independent non-executive Directors formed for the purpose of advising the Independent Shareholders in relation to the Rights Issue

DEFINITIONS

“Independent Shareholder(s)”	any Shareholders other than controlling Shareholders of the Company and their associates or, where there are no controlling Shareholders, any Shareholders other than Directors (excluding independent non-executive 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 annual general meeting of the Company held on 28 June 2010
“Investment Management Agreement”	the management agreement dated 5 November 2003 entered into between the Company and the Investment Manager and renewed on 23 December 2009 for another one-year up to 31 December 2010 at the same term at a management fee of HK\$60,000 per month payable in advance
“Investment Manager”	CU Investment Management Limited, a company incorporated in Hong Kong
“Last Trading Day”	27 July 2010, being the date of the Underwriting Agreement
“Latest Practicable Date”	26 August 2010, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Memorandum”	the memorandum of association of the Company
“Net Asset Value”	the net asset value of the Company calculated in accordance with the provisions of the Articles
“Non-Qualifying Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, based on opinions provided by the Company’s legal advisers, consider it necessary or expedient not to offer the Rights Issue to such Overseas Shareholder(s) on account either of legal restrictions under the laws of the relevant place(s) or the requirements of the relevant regulatory body or stock exchange in that (those) place(s)
“Option(s)”	option(s) to subscribe for Shares granted under the Share Option Scheme

DEFINITIONS

“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear(s) 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) outside Hong Kong
“PAL(s)”	the renounceable provisional allotment letter(s) in respect of the Rights Issue proposed to be issued to the Qualifying Shareholders
“Posting Date”	10 December 2010, or such other date as the Underwriter may agree in writing with the Company, as the date for the despatch of the Prospectus Documents to the Qualifying Shareholders or the Prospectus for information only (as the case may be) to the Non-Qualifying Shareholders
“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 despatched to Shareholders containing details of the Rights Issue
“Prospectus Documents”	the Prospectus, PAL and EAF
“Qualifying Shareholder(s)”	Shareholder(s), whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date, other than the Non-Qualifying Shareholder(s)
“Record Date”	9 December 2010 or such other date as the Underwriter may agree in writing with the Company as the date by reference to which entitlements to the Rights Issue are to be determined
“Registrar”	the branch share registrar of the Company in Hong Kong, being Tricor Tengis Limited of 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong
“Rights Issue”	the proposed issue by way of rights of eight Rights Shares for every Adjusted Share in issue and held on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents
“Rights Shares”	not less than 341,567,856 Adjusted Shares and not more than 444,038,208 Adjusted Shares to be allotted and issued pursuant to the Rights Issue

DEFINITIONS

“Scheme Mandate Limit”	mandate granted to the Directors to grant Options under the Share Option Scheme to subscribe for up to a maximum of 10% of the Shares in issue as at the date of the annual general meeting of the Company held on 28 June 2010
“Settlement Date”	31 December 2010, being the second Business Day following the Acceptance Date or such other time or date as the Underwriter and Company may agree in writing
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Consolidation”	the proposed consolidation of every twenty (20) issued Shares of HK\$0.10 each into one (1) Consolidated Share of HK\$2.00 each as described in the section headed “Proposed Capital Reorganisation” in this circular
“Share Option Scheme”	the share option scheme adopted by the Company on 2 May 2003
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company as at the Latest Practicable Date and before the Capital Reorganisation becoming effective
“Shareholder(s)”	holder(s) of Share(s) or Adjusted Share(s) (as the case may be)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.36 per Rights Share
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Underwriter”	Get Nice Securities Limited, a licensed corporation to carry out business in type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance), and type 9 (asset management) regulated activities under the SFO, which is not a connected person of the Company
“Underwriting Agreement”	the underwriting agreement dated 27 July 2010 entered into between the Company and the Underwriter in relation to the underwriting arrangement in respect of the Rights Issue
“Underwritten Shares”	not less than 341,567,856 Rights Shares and not more than 444,038,208 Rights Shares underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement

DEFINITIONS

“Veda Capital”	Veda Capital Limited, a licensed corporation to carry out business in type 6 (advising on corporate finance) regulated activities under the SFO, which is appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue
“%” or “per cent.”	percentage or per centum

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. KITCHELL Osman Bin

(Chairman and Chief Executive Officer)

Ms. DAVIS Angela Hendricks

Ms. CHOI Ka Wing

Registered office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Independent non-executive Directors:

Mr. CHUNG Kong Fei, Stephen

Mr. TSANG Wing Ki

Mr. NGAI Wai Kin

Principal place of business

in Hong Kong:

Room 2206, 22nd Floor

China United Centre

28 Marble Road

North Point

Hong Kong

31 August 2010

To the Shareholders

Dear Sir or Madam,

**PROPOSED CAPITAL REORGANISATION
AND
PROPOSED RIGHTS ISSUE ON THE BASIS OF EIGHT RIGHTS SHARES
FOR EVERY ADJUSTED SHARE HELD ON THE RECORD DATE**

INTRODUCTION

On 27 July 2010, the Company announced that:

- (i) the Company proposed to put forward to the Shareholders the Capital Reorganisation which will comprise: (a) the consolidation of every twenty (20) issued Shares of HK\$0.10 each into one (1) Consolidated Share of HK\$2.00 each; (b) the reduction in paid-up capital of each Consolidated Share from HK\$2.00 each to HK\$0.01 each by cancelling paid-up capital to the extent of HK\$1.99 on each Consolidated Share so as to form an Adjusted Share of HK\$0.01 each; (c) the application of the credit arising from such capital reduction to cancel the accumulated deficit of the Company (if any) with the balance (if any) to be transferred to the distributable capital reduction reserve account of the Company; and (d) the sub-division of each of the authorised but unissued Shares of HK\$0.10 each into ten (10) Adjusted Shares of HK\$0.01 each; and

LETTER FROM THE BOARD

- (ii) the Company proposed, subject to the Capital Reorganisation becoming effective, to raise approximately HK\$122.96 million before expenses (assuming the Issue Mandate is not utilised and no Option is granted and exercised on or before the Record Date) to HK\$159.85 million before expenses (assuming full utilisation of the Issue Mandate and full exercise of the subscription rights attaching to the maximum number of Options granted pursuant to the Scheme Mandate Limit on or before the Record Date) by issuing not less than 341,567,856 new Adjusted Shares and not more than 444,038,208 new Adjusted Shares to the Qualifying Shareholders by way of the Rights Issue at a price of HK\$0.36 per Rights Share on the basis of eight Rights Shares for every Adjusted Share held on the Record Date.

The Independent Board Committee has been formed to advise the Independent Shareholders in respect of the Rights Issue and Veda Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The purpose of this circular is to provide you, among others, (i) further details about the Capital Reorganisation and the Rights Issue; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Rights Issue; (iii) the advice of Veda Capital to the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue; and (iv) a notice of the EGM at which resolutions will be proposed to consider and, if though fit, to approve the Capital Reorganisation and the Rights Issue.

PROPOSED CAPITAL REORGANISATION

The Directors proposed to effect the Capital Reorganisation pursuant to which:

- (i) every twenty (20) issued Shares of HK\$0.10 each will be consolidated into one (1) Consolidated Share of HK\$2.00 each;
- (ii) the paid-up capital of each Consolidated Share will be reduced from HK\$2.00 each to HK\$0.01 each by cancelling paid-up capital to the extent of HK\$1.99 on each Consolidated Share by way of a reduction of capital so as to form an Adjusted Share of HK\$0.01 each;
- (iii) the credit arising from such capital reduction will be applied towards cancelling the accumulated deficit of the Company (if any) with the balance (if any) to be transferred to the distributable capital reduction reserve account of the Company; and
- (iv) each of the authorised but unissued Shares of HK\$0.10 each will be subdivided into ten (10) Adjusted Shares of HK\$0.01 each.

The Adjustment Proposal comprises point (ii) and (iii) above.

LETTER FROM THE BOARD

Any fraction of Adjusted Shares arising from the Capital Reorganisation will not be issued to the Shareholders but will be aggregated and, if possible, sold (if a premium, net of expenses, can be obtained) for the benefit of the Company.

Conditions of the Capital Reorganisation

The Capital Reorganisation (which will be effected in accordance with the Articles and the Companies Law) is conditional upon:

- (i) the passing of a special resolution to approve the Capital Reorganisation by the 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.

No Shareholder is required to abstain from voting on the Capital Reorganisation at the EGM.

The Company had no outstanding options, warrants or other securities convertible into or giving rights to subscribe for the Shares as at the Latest Practicable Date.

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.

Expected effective date of the Capital Reorganisation

Subject to the above conditions being fulfilled, the Capital Reorganisation will become effective after the Court's approval and registration of the order of the Court confirming the reduction of issued share capital and the minutes approved by the Court at the Registrar of Companies in the Cayman Islands, which is expected to take approximately 3 months from the date of the EGM.

Effects of the Capital Reorganisation

As at the Latest Practicable Date, the authorised share capital of the Company is HK\$2,000,000,000 comprising 20,000,000,000 Shares of HK\$0.10 each and the issued share capital is HK\$85,391,964.00 divided into 853,919,640 Shares. Assuming that no further Shares are issued or repurchased between the Latest Practicable Date and the effective date of the Capital Reorganisation, immediately after the Share Consolidation and the Capital Reduction, the issued share capital of the Company will become HK\$426,959.82 divided into 42,695,982 Adjusted Shares of HK\$0.01 each. As such, a credit of approximately HK\$84.97 million will arise in the books of the Company as a result of the Share Consolidation and the Capital Reduction. Such credit will be used to set off any accumulated deficit of the Company at the relevant time (if any) with the balance (if any) to be transferred to the distributable capital

LETTER FROM THE BOARD

reduction reserve account of the Company which may be utilised by the Directors as distributable reserve in accordance with the Articles. The accumulated losses of the Company was approximately HK\$333.90 million as shown in the audited financial statements of the Company for the year ended 31 December 2009.

The authorised share capital of the Company immediately after the Capital Reorganisation becoming effective will be HK\$2,000,000,000 divided into 200,000,000,000 Adjusted Shares of HK\$0.01 each, of which 42,695,982 Adjusted Shares will be in issue (not taking into account the Shares that may be issued pursuant to the exercise of the Options and the Issue Mandate).

The effect of the Capital Reorganisation on the share capital of the Company is summarised below (assuming that no further Shares are issued or repurchased between the Latest Practicable Date and the effective date of the Capital Reorganisation):

	Prior to the Capital Reorganisation	Immediately upon the Capital Reorganisation becoming effective
Nominal value of each share of the Company	HK\$0.10	HK\$0.01
Number of authorised shares of the Company	20,000,000,000 Shares	200,000,000,000 Adjusted Shares
Authorised share capital of the Company	HK\$2,000,000,000	HK\$2,000,000,000
Number of shares of the Company in issue	853,919,640 Shares	42,695,982 Adjusted Shares
Issued and fully paid-up share capital of the Company	HK\$85,391,964.00	HK\$426,959.82

Other than the relevant expenses incurred or to be incurred, 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, liabilities, business, operations, management or financial position of the Company and the Group or the interests of the Shareholders as a whole save for any fractional Adjusted Shares (if any) to which the Shareholders would otherwise be entitled. 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.

LETTER FROM THE BOARD

Reasons for the Capital Reorganisation

The proposed Capital Reorganisation will reduce the total number of Shares currently in issue. 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. In addition, the Board is of the opinion that the Capital Reorganisation will provide the Company with greater flexibility for the issue of new Adjusted Shares in the future and the credit arising from the reduction of the issued share capital of the Company will be used to offset the accumulated deficit at the relevant time (if any) of the Company. Accordingly, the Board is of the view that the Capital Reorganisation is beneficial to the Company and the Shareholders as a whole.

Trading arrangements and free exchange of Adjusted Share certificates

The Shares are currently traded in board lots of 10,000 Shares each and the market value per board lot of the Shares is HK\$670, based on the closing price of HK\$0.067 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 10,000 Adjusted Shares and the estimated market value per board lot of the Adjusted Shares will be HK\$13,400, based on the closing price of HK\$1.34 per Adjusted Share (based on the closing price of HK\$0.067 per Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Capital Reorganisation).

Subject to the Capital Reorganisation becoming effective, the Shareholders may submit their yellow certificates for the Shares to 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 exchange, at the expense of the Company, for the blue certificates for the Adjusted Shares from Friday, 10 December 2010 to Tuesday, 18 January 2011 (both dates inclusive). Thereafter, certificates for the Shares will be accepted for exchange only on payment of a fee of the higher of HK\$2.50 or such other amount as may from time to time be allowed by the Stock Exchange for each new certificate issued for Adjusted Shares or old certificates cancelled. It is expected that new certificates for Adjusted Shares will be available for collection within ten business days from the date of submission of certificates for Shares to the Registrar for exchange. Certificate for Shares will cease to be marketable and will not be acceptable for dealing purpose(s) after the end of parallel trading in Adjusted Shares (in form of new and existing certificates). Nevertheless, certificates for the Shares will continue to be good evidence of legal title and may be exchanged for certificates for Adjusted Shares at any time at the expense of the Shareholders in question.

Subject to the granting of the listing of, and permission to deal in, the Adjusted Shares on the Stock Exchange, the Adjusted Shares 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 Adjusted Shares on the Stock Exchange 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 settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

LETTER FROM THE BOARD

Dealings in the Adjusted Shares may be settled through CCASS. You should seek the advice of your stock broker or other professional adviser for details of those settlement arrangements and how such arrangements will affect your rights and interests.

A further announcement will be made as and when appropriate in relation to the effective date of the arrangements for exchange of share certificates and the arrangements relating to trading and dealings in the Adjusted Shares.

Odd lots arrangements and matching services

In order to alleviate the difficulties arising from the existence of odd lots of Adjusted Shares, the Company has appointed Get Nice Securities Limited to provide matching services for sale and purchase of the odd lots of Adjusted Shares on a best effort basis during the period from Friday, 24 December 2010 to Friday, 14 January 2011 (both dates inclusive). Shareholders who wish to take advantage of this facility should contact Mr. Larry Ng of Get Nice Securities Limited at 10th Floor, Cosco Tower, 183 Queen's Road Central, Hong Kong during office hours of such period. Shareholders should note that successful matching of the sale and purchase of odd lots of the Adjusted Shares are not guaranteed and will depend on there being adequate amounts of odd lots of Adjusted Shares available for such matching.

If you are in any doubt as to the above arrangements, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

PROPOSED RIGHTS ISSUE

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

Issue statistics

Basis of the Rights Issue	:	Eight Rights Shares for every Adjusted Share held on the Record Date
Number of Shares in issue as at the Latest Practicable Date	:	853,919,640 Shares
Number of Adjusted Shares in issue assuming the Capital Reorganisation becoming effective	:	42,695,982 Adjusted Shares (assuming no further issue of the Shares from the Latest Practicable Date up to the effective date of the Capital Reorganisation)

LETTER FROM THE BOARD

Number of Rights Shares (*Note*) : Not less than 341,567,856 Rights Shares (assuming the Issue Mandate is not utilised and no Option is granted and exercised on or before the Record Date) and not more than 444,038,208 Rights Shares (assuming full utilisation of the Issue Mandate and full exercise of the subscription rights attaching to the maximum number of Options granted pursuant to the Scheme Mandate Limit on or before the Record Date)

Subscription Price : HK\$0.36 per Rights Share

Note:

The Company had no outstanding convertible securities, options or warrants in issue which confer any right to convert into or subscribe for Shares as at the Latest Practicable Date.

At the annual general meeting of the Company held on 28 June 2010, (i) the Issue Mandate was approved by the Shareholders pursuant to which the Directors were authorised to allot and issue up to 170,783,928 Shares (equivalent to approximately 8,539,196 Adjusted Shares upon the Capital Reorganisation becoming effective); and (ii) the Scheme Mandate Limit was refreshed pursuant to which the Directors were authorised to grant Options to subscribe for a maximum of 85,391,964 Shares (equivalent to 4,269,598 Adjusted Shares upon the Capital Reorganisation becoming effective). If the Issue Mandate is fully utilised on or before the Record Date, an additional 68,313,568 Rights Shares will be allotted and issued. If the maximum number of Options under Scheme Mandate Limit are granted and the subscription rights attaching to such Options are exercised in full on or before the Record Date, an additional 34,156,784 Rights Shares will be allotted and issued.

Assuming that no Option is granted and exercised and the Issue Mandate is not utilised on or before the Record Date, the 341,567,856 nil-paid Rights Shares proposed to be provisionally allotted represent approximately 800% of the Company's issued share capital (assuming that the Capital Reorganisation becomes effective) as at the Latest Practicable Date and 88.89% of the Company's issued share capital as enlarged by the issue of the 341,567,856 Rights Shares.

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, Shareholders must lodge their transfers of Shares or Adjusted Shares (as the case may be) (together with the relevant share certificates) with the Company's branch registrar in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration by no later than 4:30 p.m. on 3 December 2010.

LETTER FROM THE BOARD

Closure of register of members

The register of members of the Company will be closed from Monday, 6 December 2010 to Thursday, 9 December 2010, both dates inclusive. No transfer of Shares or Adjusted Shares (as the case may be) will be registered during this period.

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.

As at the Latest Practicable Date, there was one Overseas Shareholder whose address as shown on the register of members was in Macau. The Company will make 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(s) or the requirements of the relevant regulatory body or stock exchange in that (those) place(s), 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.

Subscription Price

The subscription price for the Rights Shares is HK\$0.36 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.

LETTER FROM THE BOARD

The Subscription Price represents:

- (i) a discount of approximately 73.13% to the theoretical closing price of HK\$1.34 per Adjusted Share, based on the closing price of HK\$0.067 per Share as quoted on the Stock Exchange on the Last Trading Day and adjusted taking into account the effect of the Capital Reorganisation;
- (ii) a discount of approximately 23.22% to the theoretical ex-rights price of approximately HK\$0.4689 per Adjusted Share, based on the closing price of HK\$0.067 per Share as quoted on the Stock Exchange on the Last Trading Day and adjusted taking into account the effect of the Capital Reorganisation;
- (iii) a discount of approximately 73.45% to the average theoretical closing price of approximately HK\$1.356 per Adjusted Share, based on the average closing price of HK\$0.0678 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day and adjusted taking into account the effect of the Capital Reorganisation; and
- (iv) a discount of approximately 63.27% to the theoretical closing price of approximately HK\$0.98 per Adjusted Share, based on the closing price of HK\$0.049 per Share as quoted on the Stock Exchange on the Latest Practicable Date and adjusted taking into account the effect of the Capital Reorganisation.

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter with reference to the market price of the Shares under the prevailing market conditions. The Directors (including the independent non-executive Directors) consider that the discount of the Subscription Price would encourage the Shareholders to participate in the Rights Issue and accordingly maintain their pro-rata shareholdings in the Company and participate in the future growth of the Group, and that the terms of the Rights Issue (including the rate of commission) are fair and reasonable and in the interests of the Group and the Shareholders as a whole. The net price per Rights Share upon full acceptance of the relevant provisional allotment of Rights Shares (assuming the Issue Mandate is not utilised and no Option is granted and exercised on or before the Record Date) will be approximately HK\$0.343.

Basis of provisional allotment

The basis of the provisional allotment shall be eight Rights Shares for every Adjusted Share in issue and held as at the close of business on the Record Date, being not less than 341,567,856 Rights Shares and not more than 444,038,208 Rights Shares at the Subscription Price payable in full on acceptance and otherwise on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents. 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.

LETTER FROM THE BOARD

Status of the Rights Shares

The Rights Shares, when allotted, issued 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.

Fractions of Rights Shares

On the basis of provisional allotment of eight Rights Shares for every Adjusted Share held by the Qualifying Shareholders on the Record Date, no fractional entitlements to the Rights Shares will arise under the Rights Issue.

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 by the Qualifying Shareholders.

Applications for excess Rights Shares may be made by completing the EAFs 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
- (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 a smaller number of Rights Shares are allocated with a higher percentage of successful application but will receive a lesser number of Rights Shares; whereas Qualifying Shareholders applying for a larger number of Rights Shares are allocated with a smaller percentage of successful application but will receive a higher number of Rights Shares) and with board lot allocations to be made on a best effort basis.

Investors with their Shares or Adjusted Shares (as the case may be) 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. Accordingly, the Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to beneficial owners individually. Investors with their Shares or Adjusted Shares (as the case may be) held by a nominee company are advised to consider whether they would like to arrange for the registration of the relevant Shares or Adjusted Shares (as the case may be) in the name of the beneficial owner(s) prior to the Record Date.

LETTER FROM THE BOARD

Investors whose Shares or Adjusted Shares (as the case may be) are held by their nominee(s) and who would like to have their names registered on the register of members of the Company at the close of business on the Record Date must lodge all necessary documents with the Company's branch registrar in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for completion of the relevant registration by 4:30 p.m. on 3 December 2010.

Share certificates and refund cheques for Rights Issue

Subject to the fulfillment of the conditions of the Rights Issue, certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on or before 6 January 2011. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted on or before 6 January 2011 by ordinary post to the applicants at their own risk.

The first day of dealings in the Rights Shares in their fully-paid form is expected to commence on 10 January 2011.

Application for listing

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 to be issued and allotted pursuant to the Rights Issue. As disclosed in the Company's circular dated 25 May 2010, the Stock Exchange has indicated to the Company that listing approval will be granted subject to, among others, the Company's compliance with all applicable Listing Rules requirements, including Rule 21.04 of the Listing Rules and that based on the information provided, the Stock Exchange is not satisfied that the Company has fulfilled Rule 21.04(1) of the Listing Rules. The Company is clarifying with the Stock Exchange in this regard.

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 as well as compliance with the stock admission requirements of HKSCC, 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 respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Dealings in the Rights Shares in both their nil-paid and fully-paid forms (both in board lots of 10,000), which are registered in the register of members of the Company at the Registrar will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy or any other applicable fees and charges in Hong Kong.

LETTER FROM THE BOARD

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.

Conditions of the Rights Issue

The Rights Issue is conditional upon the following conditions being fulfilled or waived (as appropriate):

- (i) the delivery to the Stock Exchange and registration by the Registrar of Companies in Hong Kong respectively on or prior to the Posting Date of one copy of each of the Prospectus Documents each duly certified in compliance with section 342C of the Companies Ordinance (and all other documents required to be attached thereto);
- (ii) the posting on the Posting Date of copies of the Prospectus Documents to the Qualifying Shareholders;
- (iii) compliance by the Company with certain obligations under the Underwriting Agreement;
- (iv) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms either unconditionally or subject to such conditions which the Company accepts and the satisfaction of such conditions (if any and where relevant) by no later than the Posting Date and the Listing Committee of the Stock Exchange not having withdrawn or revoked such listings and permission on or before 4:00 p.m. on the Settlement Date;
- (v) 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) 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;
- (vi) the passing of the relevant resolutions by the Shareholders approving the Capital Reorganisation and the Rights Issue at the EGM in accordance with the Listing Rules;

LETTER FROM THE BOARD

- (vii) the obligations of the Underwriter under the Underwriting Agreement not being terminated by the Underwriter in accordance with the terms of the Underwriting Agreement; and
- (viii) the Capital Reorganisation becoming effective.

In the event that the above conditions (other than the conditions (i) to (iv), (vi) and (viii) above which cannot be waived) have not been satisfied and/or waived in whole or in part by the Underwriter on or before the Posting Date (or the relevant dates set out therein) or in the event that the condition in (iv) above has not been satisfied on or before 4:00 p.m. on the Settlement Date or in the event that the condition in (vi) above has not been satisfied on or before the Record Date (or in each case, such later date as the Underwriter and the Company may agree), all liabilities of the parties to the Underwriting Agreement shall cease and determine and none of the parties shall have any claim against the other save that all such reasonable costs, fees and other out-of-pocket expenses (excluding sub-underwriting fees and related expenses) as have been properly incurred by the Underwriter in connection with the underwriting of the Underwritten Shares by the Underwriter (but not the underwriting commission) shall to the extent agreed by the Company be borne by the Company and the Rights Issue will not proceed.

The Underwriting Agreement

Date	:	27 July 2010
Underwriter	:	Get Nice Securities Limited. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Underwriter and its ultimate beneficial owners are third parties independent of the Company and its connected persons
Total number of Rights Shares being underwritten by the Underwriter	:	The Underwriter has conditionally agreed pursuant to the Underwriting Agreement to underwrite the Rights Issue on a fully underwritten basis, not less than 341,567,856 Rights Shares and not more than 444,038,208 Rights Shares, subject to the terms and conditions of the Underwriting Agreement
Commission	:	2.5% of the aggregate Subscription Price of the Underwritten Shares as determined on the Record Date

The Board considers the terms of the Underwriting Agreement including the commission rate accord with the market practice and are fair and reasonable so far as the Company and the Shareholders are concerned.

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

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

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

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 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 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

Upon the giving of notice pursuant to the Underwriting Agreement, all obligations of the Underwriter under the Underwriting Agreement shall cease and determine and none of the parties thereto shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement provided that the Company shall remain liable to pay the Underwriter such fees and expenses (but not the underwriting commission) as agreed by the parties pursuant to the Underwriting Agreement. If the Underwriter exercises such right, the Rights Issue will not proceed.

WARNING OF THE RISKS OF DEALING IN SHARES/ADJUSTED SHARES AND THE NIL-PAID RIGHTS SHARES AND THE POTENTIAL DILUTION EFFECT

The Shares will be dealt on an ex-rights basis from 2 December 2010. Dealings in the Rights Shares in the nil-paid form will take place from 14 December 2010 to 22 December 2010 (both dates inclusive). If the conditions of the Underwriting Agreement are not fulfilled or waived (as applicable) 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 14 December 2010 to 22 December 2010 (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 (as the case may be) 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 14 December 2010 to 22 December 2010 (both dates inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

We would like to draw Shareholders' attention to the fact that, for those Shareholders who do not wish to take up all or part of their provisional allotment entitlements to the Rights Shares, their corresponding interests in the Company will be significantly diluted. In addition, the Shareholders' interest may be subject to further dilution if the Board decides to conduct further fund raising exercises in future. However, Shareholders can maintain their respective shareholding interests in the Company if they take up all of their provisional allotment entitlements to the Rights Shares. Besides, they can choose to dispose all or part of their provisional allotment entitlements to the Rights Shares in the market (if any) and get the sales proceeds at the expenses of dilution in their shareholding interests in the Company.

LETTER FROM THE BOARD

FUND RAISING EXERCISES OF THE COMPANY

Date of announcement	Fund raising activities	Net proceeds raised (approximately)	Intended use of net proceeds	Actual use of net proceeds
7 September 2009	Placing of 100,000,000 new Shares on a fully underwritten basis which was completed on 19 February 2010	HK\$36.1 million	For the general working capital of the Group and for future investment purposes	Used as intended (Note 1)
7 September 2009	Placing of 200,000,000 new Shares on a best effort basis which was terminated on 8 December 2009	HK\$73.76 million	For the general working capital of the Group and for future investment purposes	This placing was terminated as disclosed in the Company's announcement dated 8 December 2009
5 January 2010	Placing of 28,770,000 new Shares on a fully underwritten basis which was completed on 14 January 2010	HK\$10.6 million	For future investments pursuant to the investment objectives of the Company	Used as intended (Note 2)
4 March 2010	Rights issue of 569,279,762 rights shares on the basis of two rights Shares for every Share held by qualifying Shareholders which was completed on 18 May 2010	HK\$81.55 million	For future investments pursuant to the investment objectives of the Company	Used as intended (Note 3)

Notes:

- The detailed breakdown of the use of net proceeds are as follows: (i) approximately HK\$13 million had been used for investments in listed securities in financial – other financials sector; (ii) approximately HK\$14.3 million had been used for investments in listed securities in consumer goods – household goods and electronics sector; (iii) approximately HK\$4.8 million had been used for investments in listed securities in industrial goods sector; (iv) approximately HK\$0.9 million had been used for investments in listed securities in services – service support sector; (v) approximately HK\$2.2 million had been used for investments in listed securities in materials – basic material sector; and (vi) the remaining balance had been used for general working capital.
- The net proceeds of approximately HK\$10.6 million had been fully used for investments in listed securities in financial – banks sector.
- The net proceeds of (i) approximately HK\$55.98 million had been used for investments in listed securities in financial – banks sector; (ii) approximately HK\$25 million had been used for investments in listed securities in properties and construction- properties sector; and (iii) approximately HK\$0.57 million for investments in listed securities in financial – other financials sector. Although it was intended at the time that the net proceeds from the rights issue would be applied towards investment in listed securities in the banking and financial sector, circumstances have changed (including change in stock market conditions and relative attractiveness of different industry sectors) and with a view to balancing the different proportion of industry sectors in the Company's investment portfolio, the Directors applied some of the net proceeds from the rights issue towards investment in property stocks. Factors leading to the Directors' decision to apply some of the proceeds to the property sector rather than the banking sector include but not limited to matters affecting lending banks such as Hong Kong Monetary Authority paying closer attention to unhealthy mortgage competition between banks, the issue of new private housing selling rule by the Hong Kong government, general market optimism towards easing of property policies by the PRC government, a higher rebound increment of the Hang Seng Property Sector than the Hang Seng Financial Sector.

Save as abovementioned, the Company had not conducted any other fund raising exercise in the past 12 months immediately preceding the Latest Practicable Date.

Assuming a Shareholder had not taken up (i) any Share under the above-mentioned placings announced on 7 September 2009 and 5 January 2010 respectively; and (ii) any rights Share under the above-mentioned rights issue announced on 4 March 2010, the cumulative dilution effect of the Shareholder's interest in the Company was approximately 83.15% immediately after completion of these placings and rights issue. If such Shareholder does not wish to take up any Rights Shares under the proposed Rights Issue (assuming the Issue Mandate is not utilised and no Option is granted and exercised on or before the Record Date), the cumulative dilution effect of the Shareholder's interest in the Company would be approximately 98.13% immediately after completion of the Rights Issue.

LETTER FROM THE BOARD

REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

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

The gross proceeds from the Rights Issue will be not less than approximately HK\$122.96 million (assuming the Issue Mandate is not utilised and no Option is granted and exercised on or before the Record Date) but not more than approximately HK\$159.85 million (assuming full utilisation of the Issue Mandate and full exercise of the subscription rights attaching to the maximum number of Options granted pursuant to the Scheme Mandate Limit on or before the Record Date). The estimated net proceeds from the Rights Issue will be not less than approximately HK\$117.29 million (assuming the Issue Mandate is not utilised and no Option is granted and exercised on or before the Record Date) but not more than approximately HK\$153.26 million (assuming full utilisation of the Issue Mandate and full exercise of the subscription rights attaching to the maximum number of Options granted pursuant to the Scheme Mandate Limit on or before the Record Date) which are intended to be used for investments in stocks in the financial sector, insurance sector, consumer goods, industrial goods and manufacturing sector, property sector, retailing and services sector, green energy and natural resources sectors and for general working capital of the Group. Having said that, owing to the nature of the Group's business which is investment, the Group's investment plan may be adjusted as a result of many volatile factors including stock market condition, general investment and economic environment. In case that the Company had changed the intended use of proceeds of the Rights Issue, the Company will notify the Shareholders by a separate announcement of such event.

The Company is a Chapter 21 investment company and makes its investments in accordance with its investment objectives and policies. These include investing in equity related securities in listed and unlisted companies in different industries including but not limited to manufacturing, services, property, telecommunication, technology and infrastructure sectors. With a view to keeping a balance of its investment portfolio, the Company may also invest in the financial, consumer goods, industrial goods and insurance sectors. Although the Company's primary objective is to achieve medium-term to long-term capital appreciation by investing in listed and unlisted companies in Hong Kong, PRC and other main markets around the world, if the Directors believe that making short term investments is in the interest of the Company, they may decide to do so taking into account the then prevailing market conditions. Divestments of short-term investments may be made at a time when the Directors consider that it is in the interest of the Company to do so by reference to factors such as performance of the relevant stock and market conditions.

The Company will make an investment when it considers appropriate by reference to many factors including the then price level of the potential investment, performance of the relevant investee company, Directors' perception of the prospects of the investee company, stock market condition, the general investment and economic environment. The Directors also receive suggestions from the Company's investment manager.

The Board considers that the Rights Issue will enable the Group to strengthen its capital base and to enhance its financial position for future strategic investments as and when opportunities arise. The Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and to continue to participate in the future development of the Group. Accordingly, the Board considers that fund raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

The Directors do not have any present intention to conduct further fund raising exercise including utilisation of the Issue Mandate. Having said that, the Company's business requires extensive cash to grow. Unlike other companies with constant cash income from operations, investments of Chapter 21 investment companies do not necessarily generate extensive cash income. In order to increase the size of its investment portfolio, the Company will require cash in order to make new investments. If and when the Directors consider that funding is necessary, they will consider the appropriate means of fund raising at that time.

SHAREHOLDING IN THE COMPANY

Set out below is the shareholding structure of the Company as at the Latest Practicable Date and immediately after completion of the Rights Issue, assuming that there is no change in the shareholding structure of the Company from the Latest Practicable Date to immediately after completion of the Rights Issue save pursuant to further issue of new Shares upon the exercise of subscription rights attaching to the Options to be granted under the Share Option Scheme and the utilisation of the Issue Mandate:

Scenario 1:

Assuming the Issue Mandate is not utilised and no Option is granted and exercised on or before the Record Date

	As at the Latest Practicable Date		Immediately after the Capital Reorganisation becoming effective but before completion of the Rights Issue		Immediately after completion of the Rights Issue assuming all the Qualifying Shareholders take up their respective allotment of Rights Shares in full		Immediately after completion of the Rights Issue assuming no Qualifying Shareholder takes up any of the Rights Shares and the Underwriter takes up the Rights Shares to the maximum extent	
	Number of Shares	Approximate %	Adjusted Shares	Approximate %	Adjusted Shares	Approximate %	Adjusted Shares	Approximate %
Shareholders								
Ms. Choi Ka Wing (Note 1)	2,785,000	0.33	139,250	0.33	1,253,250	0.33	139,250	0.04
The Underwriter (Note 2)	-	-	-	-	-	-	341,567,856	88.89
Public Shareholders (Note 3)	851,134,640	99.67	42,556,732	99.67	383,010,588	99.67	42,556,732	11.07
Total	853,919,640	100.00	42,695,982	100.00	384,263,838	100.00	384,263,838	100.00

LETTER FROM THE BOARD

Scenario 2:

Assuming full utilisation of the Issue Mandate and full exercise of the subscription rights attaching to the maximum number of Options granted pursuant to the Scheme Mandate Limit on or before the Record Date

	As at the Latest Practicable Date		Immediately after the Capital Reorganisation becoming effective but before completion of the Rights Issue		Immediately after completion of the Rights Issue assuming all the Qualifying Shareholders take up their respective allotment of Rights Shares in full		Immediately after completion of the Rights Issue assuming no Qualifying Shareholder takes up any of the Rights Shares and the Underwriter takes up the Rights Shares to the maximum extent	
	Number of Shares	Approximate %	Number of Adjusted Shares	Approximate %	Number of Adjusted Shares	Approximate %	Number of Adjusted Shares	Approximate %
Shareholders								
Ms. Choi Ka Wing (Note 1)	2,785,000	0.33	139,250	0.25	1,253,250	0.25	139,250	0.03
The Underwriter (Note 2)	–	–	–	–	–	–	444,038,208	88.89
Public Shareholders (Note 3):								
Holders of Shares issued and allotted pursuant to Issue Mandate	–	–	8,539,196	15.38	76,852,764	15.38	8,539,196	1.71
Holders of the Options granted & exercised pursuant to Scheme Mandate Limit	–	–	4,269,598	7.69	38,426,382	7.69	4,269,598	0.85
Other public Shareholders	851,134,640	99.67	42,556,732	76.68	383,010,588	76.68	42,556,732	8.52
Total	853,919,640	100.00	55,504,776	100.00	499,542,984	100.00	499,542,984	100.00

LETTER FROM THE BOARD

Notes:

1. Ms. Choi Ka Wing is an executive Director.
2. In circumstances where the Rights Issue were to become unconditional and the Underwriter was obliged to underwrite the Rights Shares in their entirety, the underwriting commitment would extend to a stake of approximately 88.89% in the share capital of the Company as enlarged by the issue of the Rights Shares. The Underwriter has confirmed to the Company that it has sub-underwritten its underwriting obligations under the Underwriting Agreement 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 Takeovers Code) will not own 20% or more of the issued share capital of the Company immediately after completion of the Rights Issue. The Underwriter has further confirmed to the Company that each of the Underwriter and the sub-underwriters and their respective ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.
3. Assuming none of the Qualifying Shareholders takes up the provisional allotment of the Rights Shares, the public float of the Adjusted Shares may drop to approximately 11.07% (for scenario 1) or approximately 11.08% (for scenario 2) upon completion of the Rights Issue, which is below the minimum 25% requirement under Rule 8.08 of the Listing Rules. In the event that the Underwriter is required to take up the Rights Shares pursuant to its underwriting obligations under the Underwriting Agreement, the Underwriter is required under the Underwriting Agreement to, and to cause the sub-underwriters to procure independent placees to take up such number of Rights Shares as may be necessary to ensure that the public float requirements under Rule 8.08 of the Listing Rules are complied with immediately after the Rights Issue. In addition, the Company undertakes to the Stock Exchange that it will use reasonable endeavours to make prior arrangements (including but not limited to the placing of Adjusted Shares to independent third parties) to ensure such minimum public float is maintained upon completion of the Rights Issue.

INVESTMENT PORTFOLIO

Set out below are the top ten securities/investment realised by the Group for the period from 1 January 2010 to 31 July 2010, being the latest available management accounts of the Group.

Stock code	Stock name	Realised gain (loss)
		HK\$ million (approximate)
5	HSBC Holdings plc	(2.99)
235	China Strategic Holdings Limited	8.79
329	Dragonite International Limited	(1.07)
412	Heritage International Holdings Limited	1.21
474	Hao Tian Resources Group Limited	3.43
885	Forefront Group Limited	(8.83)
887	Emperor Watch & Jewellery Limited	1.90
939	China Construction Bank Corporation - H shares	0.12
986	Nam Hing Holdings Limited	0.64
1041	Fulbond Holdings Limited	(0.74)

The Company's investment in HSBC Holdings plc was classified as a short term investment as it was intended that the investment would be held for a period of less than 12 months. The Directors decided to dispose of the investment at a time when the stock appeared to be on a downward trend and the Directors believed that selling in order to minimise loss was best for the Company at that time. The Company disposed of its investment in HSBC Holdings plc after holding it for almost a month.

LETTER FROM THE BOARD

Set out below are the top ten securities bought by the Group for the period from 1 January 2010 to the Latest Practicable Date:

Stock code	Stock name	HK\$ million (approximate)
5	HSBC Holdings plc	55.78
127	Chinese Estates Holdings Limited	45.04
474	Hao Tian Resources Group Limited	34.56
571	eSun Holdings Limited	31.48
885	Forefront Group Limited	37.24
887	Emperor Watch & Jewellery Limited	30.60
985	CST Mining Group Limited	18.00
1031	Golden Resorts Group Limited	22.00
1041	Fulbond Holdings Limited	17.97
1141	Beijing Yu Sheng Tang Pharmaceutical Group Limited	17.59

Set out below are the top ten investments held by the Group as at the Latest Practicable Date:

Stock code	Stock name	Market value/Fair value HK\$ million (approximate)
127	Chinese Estates Holdings Limited	49.55
136	Mascotte Holdings Limited	13.53
235	China Strategic Holdings Limited	37.28
571	eSun Holdings Limited	27.93
885	Forefront Group Limited	21.05
985	CST Mining Group Limited	18.13
1031	Golden Resorts Group Limited	15.25
1051	G-Resources Group Limited	16.07
1141	Beijing Yu Sheng Tang Pharmaceutical Group Limited	24.26
139CB	GR Vietnam Holdings Limited – unlisted convertible bonds	23.00

As at the Latest Practicable Date, Mr. KITCHELL Osman Bin was interested in 500 shares in Chinese Estates Holdings Limited (stock code: 127) and 770,000 shares in Forefront Group Limited (stock code: 885); Ms. CHOI Ka Wing was interested in 500 shares in Chinese Estates Holdings Limited (stock code: 127) and 18,710,000 shares in Mascotte Holdings Limited (stock code: 136); and Mr. TSANG Wing Ki was interested in 100,000 shares in China Strategic Holdings Limited (stock code: 235). Save as disclosed, as at the Latest Practicable Date, none of the Directors held any shares in any investee company whose securities constituted the top ten investments held by the Group as at the Latest Practicable Date.

According to the register of the members of the Company, and to the best of the Director's knowledge, information and belief, the Company was not aware that any of the investee company holds any share in the Company as at the Latest Practicable Date.

LETTER FROM THE BOARD

GENERAL

Pursuant to the requirements of the Listing Rules, the Rights Issue is conditional on the approval by the Independent Shareholders by way of poll at the EGM, where the controlling Shareholder, or in the case that the Company has no controlling Shareholder, the Directors (excluding the independent non-executive Directors), the chief executive of the Company and their respective associates are required to abstain from voting in favour of the Rights Issue. As at the Latest Practicable Date, the Company does not have any controlling Shareholder and Ms. Choi Ka Wing, an executive Director, holds 2,785,000 Shares. Accordingly, Ms. Choi Ka Wing and her associates shall abstain from voting in favour of the proposed resolution approving the Rights Issue at the EGM.

Pursuant to Rule 13.39(4) of the Listing Rules and article 100 of the Articles, all votes at the EGM will be taken by poll and the Company will announce the results of the poll in the manner set out in Rule 13.39(5) of the Listing Rules.

Subject to the approval of the Rights Issue by the Independent Shareholders at the EGM and the Capital Reorganisation becoming effective, the Prospectus Documents setting out details of the Rights Issue will be despatched to the Qualifying Shareholders on the Posting Date, and the Prospectus will be despatched to the Non-Qualifying Shareholders for information only on the Posting Date.

EGM

The notice convening the EGM is set out on pages 76 to 78 of this circular. The EGM will be convened at 30th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong at 9:00 a.m. on Friday, 24 September 2010 for the purpose of, considering and, if thought fit, to approve the Capital Reorganisation and the Rights Issue.

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

RECOMMENDATION

You are advised to read carefully the letter from the Independent Board Committee and the letter from Veda Capital set out on page 30 and pages 31 to 45 respectively of this circular. The Independent Board Committee, having taken into account the advice of Veda Capital, considers that the terms of the Rights Issue are fair and reasonable so far as the Independent Shareholders are concerned and the Rights Issue is in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the proposed resolution approving the Rights Issue at the EGM.

LETTER FROM THE BOARD

The Directors believe that the Capital Reorganisation and the Rights Issue are in the interests of the Group and the Shareholders as a whole, and accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM.

ADDITIONAL INFORMATION

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

Yours faithfully,
For and on behalf of
Unity Investments Holdings Limited
合一投資控股有限公司
KITCHELL Osman Bin
Executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the full text of the letter of recommendation, prepared for the purpose of incorporation in this circular, from the Independent Board Committee to the Independent Shareholders regarding the Rights Issue:



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)

31 August 2010

To the Independent Shareholders

Dear Sir or Madam,

**PROPOSED RIGHTS ISSUE ON THE BASIS OF
EIGHT RIGHTS SHARES FOR EVERY ADJUSTED SHARE HELD
ON THE RECORD DATE**

We refer to the circular of the Company dated 31 August 2010 (the “**Circular**”) of which this letter forms part. Unless the context specifies otherwise, capitalised terms used herein have the same meanings as defined in the Circular.

We have been appointed by the Board to advise the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable insofar as the Independent Shareholders are concerned and whether the Rights Issue is in the interests of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote. Veda Capital has been appointed as the independent financial adviser to advise you and us in this respect.

Having taken into account the principal reasons and factors considered by, and the advice of, Veda Capital as set out in its letter of advice to you and us on pages 31 to 45 of the Circular, we are of the opinion that 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. Accordingly, we recommend 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

Independent Board Committee

Mr. CHUNG Kong Fei, Stephen

Mr. TSANG Wing Ki

Mr. NGAI Wai Kin

Independent non-executive Directors

LETTER FROM VEDA CAPITAL

The following is the full text of a letter of advice from Veda Capital to the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue which has been prepared for the purpose of inclusion in the Circular.

VEDA | CAPITAL
智 略 資 本

Veda Capital Limited
Suite 3214, 32/F
COSCO Tower
183 Queen's Road Central
Hong Kong

31 August 2010

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

PROPOSED RIGHTS ISSUE ON THE BASIS OF EIGHT RIGHTS SHARES FOR EVERY ADJUSTED SHARE HELD ON THE RECORD DATE

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue, details of which are set out in the section headed "Letter from the Board" (the "**Board Letter**") in the Company's circular dated 31 August 2010 (the "**Circular**") to the Shareholders, of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 27 July 2010, the Board announced that the Company proposed, subject to the Capital Reorganisation becoming effective, to raise approximately HK\$122.96 million before expenses (assuming the Issue Mandate is not utilised and no Option is granted and exercised on or before the Record Date) to HK\$159.85 million before expenses (assuming full utilisation of the Issue Mandate and full exercise of the subscription rights attaching to the maximum number of Options granted pursuant to the Scheme Mandate Limit on or before the Record Date) by way of the Rights Issue at a price of HK\$0.36 per Rights Share on the basis of eight Rights Shares for every Adjusted Share held on the Record Date.

Pursuant to the requirements of the Listing Rules, the Rights Issue is conditional on the approval by the Independent Shareholders by way of poll at the EGM, where the controlling Shareholder, or in the case that the Company has no controlling Shareholder, the Directors (excluding the independent non-executive Directors), the chief executive of the Company and their respective associates are required to abstain from voting in favour of the Rights Issue. As at the Latest Practicable Date, the Company does not have any controlling Shareholder and Ms. Choi Ka Wing, an executive Director, holds 2,785,000 Shares. Accordingly, Ms. Choi Ka Wing and her associates shall abstain from voting in favour of the proposed resolution approving the Rights Issue at the EGM.

LETTER FROM VEDA CAPITAL

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders in respect of the Rights Issue. Veda Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable so far as the Independent Shareholders are concerned and whether the Rights Issue is in the interests of the Company and the Independent Shareholders as a whole.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the accuracy of the statements, information, opinions and representations contained or referred to in the Circular and the information and representations provided to us by the Company, the Directors and the management of the Company. We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have assumed that all information, representations and opinions contained or referred to in the Circular, which have been provided by the Company, the Directors and the management of the Company and for which they are solely and wholly responsible, were true and accurate at the time when they were made and continue to be true as at the date of the EGM.

The Directors have jointly and severally accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge, there are no other facts the omission of which would make any statement in the Circular misleading. We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, or its subsidiaries or associated companies.

We have not considered the tax consequences on the Qualifying Shareholders arising from the subscription for, holding of or dealing in the Rights Shares or otherwise, since these are particular to their own circumstances. We will not accept responsibility for any tax effect on, or liabilities of, any person resulting from the subscription for, holding of or dealing in the Rights Shares or the exercise of any rights attaching thereto or otherwise. In particular, Qualifying Shareholders subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax positions with regard to the Rights Issue and, if in any doubt, should consult their own professional advisers.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation in relation to the Rights Issue, we have considered the following principal factors and reasons.

1. Financial highlights of the Group

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

LETTER FROM VEDA CAPITAL

As set out in the Company's annual report 2009 ("AR 2009"), turnover recognised by the Group was the loss from the sale of investments classified under investments held for trading, which amounted to approximately HK\$16.04 million for the year ended 31 December 2009 and amounted to approximately HK\$6.33 million for the year ended 31 December 2008. The loss attributable to the Shareholders for the year ended 31 December 2009 amounted to approximately HK\$100.62 million, representing a decrease in loss of approximately 78.05% compared to approximately HK\$458.43 million recorded for the previous year. As advised by the Company, the decrease in loss was mainly attributable to decrease in realised loss on disposal of its listed available-for-sale investments; impairment of its listed and unlisted available-for-sale investments and unrealised loss on revaluation of its listed investments held for trading, all of which were as a result of improvement in equity market in Hong Kong.

As set out in the Company's interim report 2010 for the six months ended 30 June 2010 (the "IR 2010"), turnover recognised by the Group was the loss from the sale of listed investments held for trading, which amounted to approximately HK\$5.79 million for the six months ended 30 June 2010 and amounted to approximately HK\$0.72 million for the six months ended 30 June 2009. The loss attributable to the Shareholders for the six months ended 30 June 2010 amounted to approximately HK\$17.91 million, representing a decrease in loss of approximately 53.22% compared to the loss of approximately HK\$38.27 million recorded for the corresponding period in the previous year. As advised by the Company, the decrease in loss was mainly attributable to (i) the Company recorded a realised gain on disposal of its listed available-for-sale investments of approximately HK\$10.34 million for the six months ended 30 June 2010 whilst the Company recorded a realised loss on disposal of its listed available-for-sale investments of approximately HK\$35.79 million for the six months ended 30 June 2009; and (ii) the Company did not record any impairment of unlisted available-for-sale equity investments for the six months ended 30 June 2010 whilst the Company recorded impairment loss of unlisted available-for-sale equity investments of approximately HK\$4.40 million for the six months ended 30 June 2009.

2. Reasons for the Rights Issue and the use of proceeds

As stated in the Board Letter, the Board considers that the Rights Issue will enable the Group to strengthen its capital base and to enhance its financial position for future strategic investments as and when opportunities arise. Furthermore, the Board considers that the Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and to continue to participate in the future development of the Group. Accordingly, the Board considers that fund raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

The estimated net proceeds from the Rights Issue will be not less than approximately HK\$117.29 million (assuming the Issue Mandate is not utilised and no Option is granted and exercised on or before the Record Date) but not more than approximately HK\$153.26 million (assuming full utilisation of the Issue Mandate and full exercise of the subscription rights attaching to the maximum number of Options granted pursuant to the Scheme Mandate Limit on or before the Record Date) which are intended to be used for investments in stocks in the financial sector, insurance sector, consumer goods, industrial goods and manufacturing sector, property sector, retailing and services sector, green energy and natural resources sectors and for general working capital of the Group. Having said that, owing to the nature of the Group's business which is investment, the Group's investment plan may be adjusted as a result of many volatile factors including stock market condition, general investment and economic environment. In case that the Company had changed the intended use of proceeds of the Rights Issue, the Company will notify the Shareholders by a separate announcement of such event.

LETTER FROM VEDA CAPITAL

The Company is a Chapter 21 investment company and makes its investments in accordance with its investment objectives and policies. These include investing in equity related securities in listed and unlisted companies in different industries including but not limited to manufacturing, services, property, telecommunication, technology and infrastructure sectors. With a view to keeping a balance of its investment portfolio, the Company may also invest in the financial, consumer goods, industrial goods and insurance sectors. Although the Company's primary objective is to achieve medium-term to long-term capital appreciation by investing in listed and unlisted companies in Hong Kong, PRC and other main markets around the world, if the Directors believe that making short term investments is in the interest of the Company, they may decide to do so taking into account the then prevailing market conditions. Divestments of short-term investments may be made at a time when the Directors consider that it is in the interest of the Company to do so by reference to factors such as performance of the relevant stock and market conditions.

The Company will make an investment when it considers appropriate by reference to many factors including the then price level of the potential investment, performance of the relevant investee company, Directors' perception of the prospects of the investee company, stock market condition, the general investment and economic environment. The Directors also receive suggestions from the Company's investment manager. We were also advised by the Company that the Company may dispose investment at a time when such stock appears to be on a downward trend and the Company believes that such selling would enable the Group to minimise its investment loss.

The Directors do not have any present intention to conduct further fund raising exercise including utilisation of the Issue Mandate. Having said that, the Company's business requires extensive cash to grow. Unlike other companies with constant cash income from operations, investments of Chapter 21 investment companies do not necessarily generate extensive cash income. In order to increase the size of its investment portfolio, the Company will require cash in order to make new investments. If and when the Directors consider that funding is necessary, they will consider the appropriate means of fund raising at that time.

We noted from the Board Letter that in the past 12 months immediately preceding the Latest Practicable Date, the Company had conducted Share placements (the "**Share Placings**") and rights issue (the "**Previous Rights Issue**") to raise fund for general working capital of the Group and investment purposes. As advised by the Company, the aggregate net proceeds from such fundraisings amounted to approximately HK\$128.25 million, of which approximately HK\$127.35 million had been used for investments in listed securities in relation to properties sector, other financials sector, household goods and electronics sector, industrial goods sector, services support sector, basic material sector and banks sector and the remaining proceeds of approximately HK\$0.9 million has been used for general working capital. Further details on the breakdown of the use of proceeds have been set out under the section headed "FUND RAISING EXERCISES OF THE COMPANY" in the Board Letter.

LETTER FROM VEDA CAPITAL

We noted from the IR 2010 that in upcoming years, the Board believes that the stock market will continue to provide opportunities but will also be volatile and unpredictable and the Board will take cautious approach to invest with the difficult market conditions which will come across throughout the year and will adjust its investment portfolio continuously and raise fund as and when the opportunity arise. Also set out in the IR 2010, the Group recorded bank balances and cash of approximately HK\$1.15 million as at 30 June 2010.

We noted from the AR 2009 and IR 2010 that although the Group recorded loss making for the year ended 31 December 2009 and for the six months ended 30 June 2010, the losses attributable to the Shareholders for the year ended 31 December 2009 and for the six months ended 30 June 2010 have been reduced by approximately 78.05% and approximately 53.22% respectively as compared to the loss attributable to the Shareholder for year ended 31 December 2008 and for the six months ended 30 June 2009. We also noted that, the realised loss on disposal of listed investments classified under available-for-sale investments has been reduced by approximately 67.56% to approximately HK\$70.45 million for the year ended 31 December 2009 from approximately HK\$217.15 million for the previous year. The Company recorded realised gain on disposal of listed investments classified under available-for-sale investments of approximately HK\$10.34 million for the six months ended 30 June 2010 whilst recorded realised loss on disposal of listed investments classified under available-for-sale investments of approximately HK\$35.79 million for the corresponding period in previous year.

We are aware the persistent loss making track record of the Company and the frequent fundraising within the past 12 months preceding the Latest Practicable Date, however, having considered (i) the cash position of the Group as at 30 June 2010 and the nature of the business of an investment company, of which cash position is essential for it to carry out its investment decision; (ii) the Rights Issue would strengthen the Group's capital base so as to allow the Group to grasp suitable business opportunities with immediately available fund should appropriate chance arise; (iii) the cautious approach investment strategy adopted by the Company to reduce investment risk by diversifying its investment in different industries and to minimise loss by considering to dispose investment when the stock appears to be on a downward trend and the improvement on the financial performance of the Company for year ended 31 December 2009 and for the six months ended 30 June 2010; (iv) should there be valuable investment opportunities, the Company may not able to procure bank loans, of which the terms are in the favour of the Company, in a timely manner due to the persistent loss making track record of the Company although there is improvement on the financial performance of the Group for the year ended 31 December 2009 and for the six months ended 30 June 2010; and (v) the Rights Issues are on the basis that all Qualifying Shareholders have been offered the same opportunity to maintain their proportional interests in the Company, and should the Qualifying Shareholders decide not to take up their entitlements under the Rights Issue, they can sell the nil-paid Rights Shares in the market for economic benefit, we are of the view and concur with the view of the Directors that the Rights Issue (including the use of proceeds) is fair and reasonable and is in the interests of the Group and the Independent Shareholders as a whole.

LETTER FROM VEDA CAPITAL

3. The Rights Issue

The basis of the provisional allotment shall be eight Rights Shares for every Adjusted Share held on the Record Date, being not less than 341,567,856 Rights Shares (assuming the Issue Mandate is not utilised and no Option is granted and exercised on or before the Record Date) and not more than 444,038,208 Rights Shares (assuming full utilisation of the Issue Mandate and full exercise of the subscription rights attaching to the maximum number of Options granted pursuant to the Scheme Mandate Limit on or before the Record Date).

The Rights Shares, when allotted, issued 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.

The subscription price for the Rights Shares is HK\$0.36 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 approximately 73.13% to the theoretical closing price of HK\$1.34 per Adjusted Share, based on the closing price of HK\$0.067 per Share as quoted on the Stock Exchange on the Last Trading Day and adjusted taking into account the effect of the Capital Reorganisation;
- (ii) a discount of approximately 23.22% to the theoretical ex-rights price of approximately HK\$0.4689 per Adjusted Share, based on the closing price of HK\$0.067 per Share as quoted on the Stock Exchange on the Last Trading Day and adjusted taking into account the effect of the Capital Reorganisation;
- (iii) a discount of approximately 73.45% to the average theoretical closing price of approximately HK\$1.356 per Adjusted Share, based on the average closing price of HK\$0.0678 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day and adjusted taking into account the effect of the Capital Reorganisation; and
- (iv) a discount of approximately 63.27% to the theoretical closing price of approximately HK\$0.98 per Adjusted Share, based on the closing price of HK\$0.049 per Share as quoted on the Stock Exchange on the Latest Practicable Date and adjusted taking into account the effect of the Capital Reorganisation.

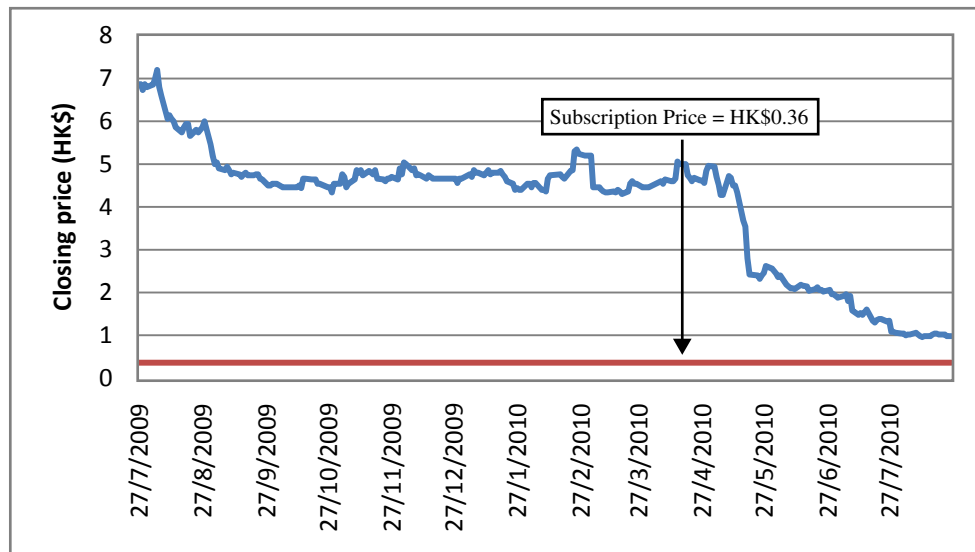
The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter with reference to the market price of the Shares under the prevailing market conditions. The Directors consider that the discount of the Subscription Price would encourage the Shareholders to participate in the Rights Issue and accordingly maintain their pro-rata shareholdings in the Company and

LETTER FROM VEDA CAPITAL

participate in the future growth of the Group, and that the terms of the Rights Issue (including the rate of commission) are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

(a) *Historical closing prices*

We have reviewed the trading price of the Shares for the period from 27 July 2009, being the 12-month period prior to the date of the Underwriting Agreement, up to and including the Latest Practicable Date (the “**Review Period**”). The chart below illustrates the daily closing prices of the Share (after adjusted with the Capital Reorganisation) versus the Subscription Price during the Review Period:



Source: the website of the Stock Exchange

Note: Trading of Shares was suspended from 3 March 2010 to 4 March 2010 during the Review Period.

During the Review Period, the highest adjusted closing price and the lowest adjusted closing price of the Shares were HK\$7.20 on 5 August 2009 and HK\$0.96 on 12 August 2010 respectively. The Subscription Price is lower than the lowest adjusted closing price of the Shares during the Review Period and representing a discount of approximately 62.50% to such lowest adjusted closing price. We noted that the adjusted closing price of the Shares experienced a drop of approximately 20.90 % from HK\$3.54 on 18 May 2010 to HK\$2.80 on 19 May 2010 and we were advised by the Company, it was not aware of any reasons for such decrease in the adjusted closing price.

We note that it is a common market practice that, in order to enhance the attractiveness of a right issue exercise and to encourage the existing shareholders to participate in a rights issue, the subscription price of a rights issue normally represents a discount to the prevailing market prices of the relevant shares. Hence, the fact that the Subscription Price is lower than the prevailing market prices of the Shares is in line with general practice and is acceptable.

LETTER FROM VEDA CAPITAL

(b) Comparison with other right issues

In assessing the fairness of the Subscription Price, we also consider a broader comparison of rights issues conducted by other companies listed on the Stock Exchange to provide a more general reference for the Subscription Price. We have identified rights issues (the “**Comparables**”) announced by companies that are listed on the Main Board or the Growth Enterprise Market of the Stock Exchange from 27 January 2010 up to and including 27 July 2010, being the date of the Underwriting Agreement, for reference. As the terms of the Comparables are determined under similar market conditions and sentiments as the Rights Issue, we believe that the Comparables may reflect the recent trend of the rights issue transactions in the market and consider the Comparables are fair and representative samples. Details of the Comparables are summarised in the following table:

Comparables (stock code)	Date of announcement	Basis of entitlement	Premium/ (discount) of subscription price over/(to) the closing price on the last trading day (%)	Premium/ (discount) of subscription price over /(to) the theoretical ex-entitlement price (%)	Maximum dilution (Note 1) (%)	Underwriting Commission (%)
Ruyan Group (Holdings) Limited (329)	21-Jul-10	20 for 1	(90.83)	(32.06)	95.24	3.00
China Star Entertainment Limited (326)	8-Jul-10	1 for 2	(12.28)	(8.26)	33.33	1.00
Great World Company Holdings Limited (8003)	6-Jul-10	1 for 1	(61.54)	(44.44)	50.00	3.00
Sau San Tong Holdings Limited (8200)	6-Jul-10	6 for 1	(83.33)	(41.18)	85.71	2.50
Global Bio-Chem Technology Group Company Limited (809)	14-Jun-10	2 for 5	(50.00)	(42.00)	28.57	3.00
Wang Sing International Holdings Group Limited (2389)	11-Jun-10	3 for 2	(35.60)	(18.00)	60.00	1.50

LETTER FROM VEDA CAPITAL

Comparables (stock code)	Date of announcement	Basis of entitlement	Premium/ (discount) of subscription price over/(to) the closing price on the last trading day (%)	Premium/ (discount) of subscription price over /(to) the theoretical ex-entitlement price (%)	Maximum dilution (<i>Note 1</i>) (%)	Underwriting Commission (%)
Radford Capital Investment Limited (901)	10-Jun-10	4 for 1	(61.54)	(24.24)	80.00	2.50
Bank of Communications Co Limited (3328)	6-Jun-10	1.5 for 10 (H shares)	(37.20)	(34.00)	13.04	Did not disclose in the announcement
TCC International Holdings Limited (1136)	17-May-10	1 for 2	(27.08)	(19.85)	33.33	2.25
China Trends Holdings Limited (8171)	28-Apr-10	4 for 1	(89.61)	(63.30)	80.00	2.00
Ruyan Group (Holdings) Limited (329)	20-Apr-10	1 for 2	(53.27)	(43.18)	33.33	5.00
United Gene High-Tech Group Limited (399)	19-Mar-10	1 for 1	(89.17)	(80.45)	50.00	2.50 (<i>Note 2</i>)
Unity Investments Holdings Limited (913)	4-Mar-10	2 for 1	(68.75)	(42.31)	66.67	2.50
China Merchants Bank Co Limited (3968)	2-Mar-10	1.3 for 10 (H shares)	(49.19)	(46.14)	11.50	0.00
Imagi International Holdings Limited (585)	17-Feb-10	4 for 1	(93.10)	(72.90)	80.00	1.00
Polyard Petroleum International Group Limited (8011)	3-Feb-10	1 for 2	(50.00)	(40.30)	33.33	0.00

LETTER FROM VEDA CAPITAL

Comparables (stock code)	Date of announcement	Basis of entitlement	Premium/ (discount) of subscription price over/(to) the closing price on the last trading day (%)	Premium/ (discount) of subscription price over /(to) the theoretical ex-entitlement price (%)	Maximum dilution (Note 1) (%)	Underwriting Commission (%)
Gold Peak Industries (Holdings) Limited (40)	28-Jan-10	3 for 7	(50.00)	(41.40)	30.00	2.75
Maximum			(93.10)	(80.45)	95.24	5.00
Minimum			(12.28)	(8.26)	11.5	0.00
Mean			(58.97)	(40.82)	50.83	2.16
Company		8 for 1	(73.13)	(23.22)	88.89	2.50

Source: website of the Stock Exchange (www.hkex.com.hk)

Notes:

1. Maximum dilution effect of each rights issue is calculated as: ((number of rights shares and (if any) bonus shares to be issued under the basis of entitlement) / (number of existing shares held for the entitlement for the rights shares under the basis of entitlement + number of rights shares and (if any) bonus shares to be issued under the basis of entitlement))x100%, e.g. for a rights issue with basis of 8 rights shares for every share held, the maximum dilution effect is calculated as $(8/(1+8)) \times 100\% = 88.89\%$.
2. As set out in the announcement of United Gene High-Tech Group Limited dated 19 March 2010, Best Champion Holdings Limited and Grand Investment (Securities) Limited were the underwriters for the rights issue. Best Champion Holdings Limited would not receive any underwriting commission and Grand Investment (Securities) Limited would receive 5.0% underwriting commission. For calculation purposes, the average of 2.5% underwriting commission will be used for the calculation of the average of the underwriting commission of the Comparables.

As shown in the above table, the discounts represented by the subscription prices to the closing prices of shares of the Comparables on the last trading days prior to the release of the respective announcements ranged from approximately 12.28% to approximately 93.10% (the “**LTD Market Range**”). The discount of approximately 73.13% as represented by the Subscription Price to the closing price of the Shares (after adjusted with the Capital Reorganisation) on the Last Trading Day falls within and represents a deeper discount than the mean of the LTD Market Range.

The discount represented by the subscription prices to the theoretical ex-entitlement prices of the shares of the Comparables ranged from approximately 8.26% to approximately 80.45% (the “**TEP Market Range**”). The discount of approximately 23.22% as represented by the Subscription Price to the theoretical ex-entitlement price (after adjusted with the Capital Reorganisation) falls within the TEP Market Range and above the mean thereof.

LETTER FROM VEDA CAPITAL

We noted that the discount of approximately 73.13% as represented by the Subscription Price to the closing price of the Shares (after adjusted with the Capital Reorganisation) on the Last Trading Day is deeper than the discount of approximately 68.75% represented by the subscription price to the closing price of Shares on the last trading day in the Previous Right Issue, however, having considered (i) it is common for the listed issuers in Hong Kong to issue rights shares at a discount to market price in order to enhance the attractiveness of a rights issues transaction; (ii) the drop of approximately 20.90% of the adjusted closing price in mid-May 2010, (iii) the discounts represented by the Subscription Price to the closing price of the Shares (after adjusted with the Capital Reorganisation) on the Last Trading Day and to the theoretical ex-entitlement price (after adjusted with the Capital Reorganisation) falls within the range of the LTD Market Range and the TEP Market Range respectively; and (iv) all Qualifying Shareholders are offered equal opportunities to subscribe for the Rights Shares, we consider the Subscription Price is fair and reasonable so far as the Independent Shareholders are concerned.

(c) Underwriting Commission

The Company will pay the Underwriter an underwriting commission of 2.5% of the aggregate Subscription Price of the Underwritten Shares. In view that the underwriting commission of 2.5% falls within the range of commission of the Comparables, we consider the underwriting commission of 2.5% is in line with the market and is fair and reasonable as far as the Independent Shareholders are concerned.

(d) 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 by the Qualifying Shareholders. The Directors will allocate the excess Rights Shares at their discretion on a fair and equitable basis on the following principles:

- (1) 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
- (2) subject to availability of excess Rights Shares after allocation under principle (1) 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 a smaller number of Rights Shares are allocated with a higher percentage of successful application but will receive a lesser number of Rights Shares; whereas Qualifying Shareholders applying for a larger number of Rights Shares are allocated with a smaller percentage of successful application but will receive a higher number of Rights Shares) and with board lot allocations to be made on a best effort basis.

We are not aware of the allocation arrangement of the excess application is unusual to other rights issues under the Comparables and consider such allocation arrangement is in line with normal market practice.

LETTER FROM VEDA CAPITAL

(e) Risk associated with the Rights Issue

Shareholders should note that, as stated in the Board Letter, the Rights Issue is conditional upon, among other things, the Underwriting Agreement having become unconditional and the Underwriting Agreement not being terminated in accordance with the terms thereof (a summary of which is set out in the sub-paragraph headed “Termination of the Underwriting Agreement” in the Board Letter). As such, the Rights Issue may or may not proceed. The Shareholders and potential investors should exercise caution when dealing in the Shares or Adjusted Shares (as the case may be), and if they are in any doubt about their position, they should consult their professional advisers.

4. Alternatives

We have enquired with the Company and are advised that they have considered other methods of fund raisings such as placement of new Shares or other convertible securities and bank borrowing. Taking into account that (i) debt financing and bank borrowing will increase the gearing and incur interest burden to the Company; (ii) any placing of new Adjusted Shares without first offering the existing Shareholders the opportunity to participate in the Company’s equity raising exercise would result in dilution of shareholding to the existing Shareholders; and (iii) the Rights Issue will enable the Shareholders to maintain their proportionate interests in the Company should they so wish, and should the Shareholders decide not to take up their entitlements under the Rights Issue, they can sell the nil-paid Rights Shares in the market for economic benefit, we concur with the view of the Directors that fund raising by way of the Rights Issue is fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

5. Financial effect of the Rights Issue

(a) Net tangible assets

According to the pro forma financial information of the Group as set out in Appendix II to the Circular, the unaudited consolidated net tangible assets of the Group was approximately HK\$360.32 million as at 30 June 2010. The unaudited pro forma adjusted consolidated net tangible assets of the Group upon completion of the Capital Reorganisation and the Rights Issue would increase to (i) approximately HK\$477.61 million as a result of the inflow of the estimated net proceeds of approximately HK\$117.29 million from the Rights Issue (assuming the Issue Mandate is not utilised and no Option is granted and exercised on or before the Record Date); and (ii) approximately HK\$513.58 million as a result of the inflow of the estimated net proceeds of approximately HK\$153.26 million from the Rights Issue (assuming full utilisation of the Issue Mandate and full exercise of the subscription rights attaching to the maximum number of Options granted pursuant to the Scheme Mandate Limit on or before the Record Date).

Also set out in the pro forma financial information of the Group, the unaudited consolidated net tangible assets per Share was approximately HK\$0.422 as at 30 June 2010. Assuming the Capital Reorganisation became effective and based on the 42,695,982 Adjusted Share in issue immediately before the Rights Issue, the unaudited consolidated net tangible assets per Adjusted Share would be approximately HK\$8.44 (“**Original NAV per Adjusted Share**”) upon the Capital Reorganisation became

LETTER FROM VEDA CAPITAL

effective but before the Rights Issue. The unaudited pro forma adjusted consolidated net tangible assets per Adjusted Share based on (i) 384,263,838 Adjusted Shares in issue (assuming the Issue Mandate is not utilised and no Option is granted and exercised on or before the Record Date) would be approximately HK\$1.24, representing a decrease of approximately HK\$7.20 per Adjusted Share from the Original NAV per Adjusted Share; and (ii) 499,542,984 Adjusted Shares in issue (assuming full utilisation of the Issue Mandate and full exercise of the subscription rights attaching to the maximum number of Options granted pursuant to the Scheme Mandate Limit on or before the Record Date) would be approximately HK\$1.03, representing a decrease of approximately HK\$7.41 per Adjusted Share from the Original NAV per Adjusted Share.

The decrease in the consolidated net tangible assets per Adjusted Share upon completion of the Rights Issue is inevitable because the Right Shares will be issued at a discount to the net tangible asset per Adjusted Share. Having considered all Qualifying Shareholders are offered the same opportunities to enjoy the benefit of subscribing the Rights Shares at the Subscription Price which is at a discount to the market price of the Adjusted Shares, we consider such decrease in the consolidated net tangible assets per Adjusted Share is acceptable.

(b) Working capital

The Rights Issue shall have a positive effect on the Group's working capital upon completion as the proceeds from the Rights Issue will bring in a net cash inflow to the Group.

6. Potential dilution effect on the shareholding interests of the Independent Shareholders

As the Rights Issue is offered to all Qualifying Shareholders on the same basis, Qualifying Shareholders will be able to maintain their proportional interests in the Company if they take up their allotments under the Rights Issue in full. Any Qualifying Shareholders who choose not to take up in full their assured entitlements under the Rights Issue will have their shareholdings in the Company diluted by up to a maximum of approximately 88.89% from their shareholding interests upon completion of the Rights Issue.

In all cases of rights issues, the dilution on the shareholding of those qualifying shareholders who do not take up in full their assured entitlements under the rights issues is inevitable. In fact, the dilution magnitude of any rights issues depends mainly on the extent of the basis of entitlement under such exercises since the higher offering ratio of new shares to existing shares is the greater the dilution on the shareholding would be.

We noted from the Board Letter that assuming a Shareholder had not taken up (i) any Share under the Share Placings; and (ii) any of his/her/its provisional allotment entitlements to the rights Shares under the Previous Rights Issue, the cumulative dilution effect of such Shareholder's interest in the Company was approximately 83.15% immediately after completion of the Share Placings and the Previous Rights Issue. If such Shareholder does not wish to take up any Rights Shares under the proposed Rights Issue (assuming the Issue Mandate is not utilised and no Option is granted and exercised on or before the Record Date), the cumulative dilution effect of such Shareholder's interest in the Company would be approximately 98.13% immediately after completion of the Rights Issue.

LETTER FROM VEDA CAPITAL

We are aware the cumulative potential dilution effect as a result of the Rights Issue, the Previous Rights Issue and the Share Placings within the 12 months immediately preceding the Latest Practicable Date, however, we consider that the foregoing should be balanced against the fact that:

- (i) the cash position of the Group as at 30 June 2010 and the nature of the business of an investment company, of which cash position is essential for it to carry out its investment decision;
- (ii) the Rights Issue would strengthen the Group's capital base so as to allow the Group to grasp suitable business opportunities with immediately available fund should appropriate chance arise;
- (iii) the cautious approach investment strategy adopted by the Company to reduce investment risk by diversifying its investment in different industries and to minimise loss by considering to dispose investment when the stock appears to be on a downward trend and the improvement on the financial performance of the Company for year ended 31 December 2009 and for the six months ended 30 June 2010;
- (iv) should there be valuable investment opportunities, the Company may not able to procure bank loans, of which the terms are in the favour of the Company, in a timely manner due to the persistent loss making track record of the Company although there is improvement on the financial performance of the Group for the year ended 31 December 2009 and for the six months ended 30 June 2010;
- (v) the Rights Issues are on the basis that all Qualifying Shareholders have been offered the same opportunity to maintain their proportional interests in the Company, and should the Qualifying Shareholders decide not to take up their entitlements under the Rights Issue, they can sell the nil-paid Rights Shares in the market for economic benefit;
- (vi) the inherent dilutive nature of Rights Issue in general;
- (vii) the discounts represented by the Subscription Price to the closing price of the Shares (after adjusted with the Capital Reorganisation) on the Last Trading Day and to the theoretical entitlement price (after adjusted with the Capital Reorganisation) falls within the range of the LTD Market Range and the TEP Market Range respectively;
- (viii) the Independent Shareholders are offered a chance to express their view on the terms of the Rights Issue through voting at the EGM; and
- (ix) the relevant resolutions in respect of the Previous Rights Issue and the general/specific mandates granted to the Directors to allot and issue placing shares for the Share Placings have been passed by the Shareholders at the relevant general meetings of the Company.

LETTER FROM VEDA CAPITAL

As such, we consider the further potential dilution effect on the shareholding which may only happen to the Qualifying Shareholders who decide not to accept the Rights Issue is acceptable.

RECOMMENDATION

Taking into consideration of the above mentioned principal factors and reasons, we consider that the terms of the Rights Issue are (i) fair and reasonable so far as the Independent Shareholders are concerned; and (ii) in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the relevant resolution to be proposed at the EGM to approve the Rights Issue.

Yours faithfully,
For and on behalf of
Veda Capital Limited

Hans Wong
Chairman

Julisa Fong
Managing Director

1. THREE-YEAR FINANCIAL INFORMATION

Financial information of the Group for each of the three years ended 31 December 2007, 2008 and 2009 are disclosed in the annual reports of the Company for the years ended 31 December 2007 (pages 32 to 81), 2008 (pages 34 to 107) and 2009 (pages 36 to 107) respectively, which are published on both the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (www.unity913.com). The auditor of the Company have not issued any qualified opinion on the Group's financial statements for the financial years ended 31 December 2007, 2008 and 2009.

2. UNAUDITED INTERIM RESULTS

The unaudited consolidated financial statements of the Company for the six months ended 30 June 2010 together with the relevant notes to the accounts are disclosed in the interim report of the Company for the six months ended 30 June 2010 (pages 4 to 21), which are published on both the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (www.unity913.com).

3. INDEBTEDNESS

At the close of business on 31 July 2010, 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\$20,494,000, representing the margin financing facilities obtained from regulated securities dealers.

The Group has pledged its investments held for trading and available-for-sale investments, which are approximately HK\$298,239,000 to secure margin financing facilities obtained from regulated securities dealers. As at 31 July 2010, these facilities have been utilised up to the extent of HK\$20,494,000.

Contingent liabilities

As at 31 July 2010, the Group had no material contingent liabilities.

Disclaimer

Save as aforesaid and apart from intra-group liabilities, at the close of business 31 July 2010, the Group did not have any outstanding loan capital issued and outstanding or agreed to be issued, bank overdraft, loans or other similar indebtedness, liabilities under acceptance or acceptance credits, debentures, mortgages, charges, finance lease or hire purchase commitments, guarantee 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 2009, being the date to which the latest published audited consolidated financial statements of the Company were made up.

4. WORKING CAPITAL

The Directors are of the opinion that, taking into account the cash flows generated from the operating activities, the financial resources available to the Group including internally generated funds, the available credit facilities and the estimated net proceeds from the Rights Issue, the Group has sufficient working capital for at least the next twelve months from the date of this circular.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2009, being the date to which the latest published audited consolidated financial statements of the Group were made up.

6. BUSINESS REVIEW FOR THE SIX MONTHS ENDED 30 JUNE 2010**Operation Review**

The Company is an investment company under Chapter 21 of the Listing Rules. Its principal activities remain engaging in the investments in listed securities in Hong Kong and other main stock market around the world and also in unlisted companies.

Results Review

The Group recorded a net loss of approximately HK\$17,905,000 for the six months ended 30 June 2010 (the “**Period**”), representing a decrease of 53.22% as compared to net loss of approximately HK\$38,272,000 in the corresponding period of last year. The net loss incurred by the Group for the Period was mainly attributable to realised loss on disposal of its listed investments held for trading and unrealised loss on revaluation of its listed investments held for trading. Loss per share of the Company for the Period was HK\$0.04 as compared to HK\$0.40 restated for 2009.

Liquidity, Financial Resources and Capital Structure

The Group financed its asset portfolio by internal generated cash resources and fund raising exercises. As at 30 June 2010, the net current assets of the Group amounted to approximately HK\$11,801,000 (As at 31 December 2009: approximately HK\$33,309,000) with cash and bank balances of approximately HK\$1,151,000 (As at 31 December 2009: approximately HK\$6,359,000).

There was no material change in available credit facilities when compared with the financial year ended 31 December 2009. As at 30 June 2010, the Group did not have unsecured, interest bearing short-term borrowings (As at 31 December 2009: HK\$Nil). The gearing ratio of the Group was significantly increased to 8.05% as compared to 0.86% as at 31 December 2009 (calculated on basis of total liabilities divided by total assets), which was resulted from utilisation of margin facilities from regulated securities brokers amounted to approximately HK\$31,284,000 (As at 31 December 2009: approximately HK\$2,251,000). The Board believed that the use of margin facilities maintains flexibility and continuity of funding. Taking into account of the amount of assets on hand and available credit facilities, the Group has sufficient working capital for its ongoing operational requirements.

During the Period under review, the Company completed a rights issue on a two for one basis and two share placements for 569,279,762 rights shares and aggregate of 128,770,000 placing shares and approximately HK\$81.55 million and HK\$46.7 million net proceeds were received, respectively. The net proceeds were used for listed securities investments in Hong Kong and general working capital of the Group. The Board has been actively seeking fund raising opportunities to strengthen the Company's financial position.

The unaudited consolidated net asset value per share of the Company as at 30 June 2010 was HK\$0.42 (As at 31 December 2009: audited HK\$2.06). The consolidated net assets value per share is calculated based on the net assets of the Group as at 30 June 2010 of approximately HK\$360,317,000 (As at 31 December 2009: approximately HK\$296,515,000) and the total number of 853,919,643 shares (As at 31 December 2009: 143,874,881 shares) in issue as at that date.

7. BUSINESS AND TRADING PROSPECTS

While the fundamentals of the China economy remain strong, Hong Kong equity markets and for that matter fund flows into the domestic financial system are dependent on the developments in the global economy and general risk appetite to a large extent. Though the global economy has recovered at a much faster pace than expected, the current recovery is still at an initial stage and concerns still remain that the global economy could possibly witness a 'W' shaped recovery pattern. The effects of fiscal stimulus measures are likely to eventually fade resulting in lower growth rates, especially if private demand does not recover at a rapid pace. Weaker than anticipated recovery in the global economy could result in another bout of risk aversion in the global markets sometime during the second half of this financial year which in turn could have an impact.

The other risk stems from the prospect of tighter global monetary policy during the middle of calendar year 2010. While the U.S. Federal Reserve may not hike its operational fed funds rate any time soon, it seems to be giving indications that it could wind down its quantitative easing program. Market expects the U.S. Federal Reserve to slowly start draining USD liquidity from the financial system starting sometime around the 4th quarter of 2010. As this happens, global equity markets could correct as investors price in the prospect of a reduction in liquidity in the global financial system. The China economy is likely to continue to outperform its global counterparts in the year ahead, her investment and domestic consumption will be a crucial link in driving the recovery forward; buoyant domestic demand should help it absorb headwinds from rising inflation.

The increasing uncertainty around the condition of the global financial sector and economy significantly increased investors' risk aversion and resulted in unprecedented volatility in global equity markets. Economic conditions in Hong Kong, China and globally are likely to remain slow recovery pace in the medium term. Upcoming year, the Board believes that the stock market will continue to provide opportunities but will also be volatile and unpredictable. The Board will take cautious approach to invest with the difficult market conditions which will come across throughout the year and will adjust its investment portfolio continuously and raise fund as and when the opportunity arise.

1. STATEMENT OF UNAUDITED PRO FORMA OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP**Introduction**

The following is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared by the directors of the Company in accordance with paragraph 29 of Chapter 4 of the Listing Rules to illustrate the effect of the proposed capital reorganisation (the “**Capital Reorganisation**”) and proposed rights issue on the basis of eight rights shares for every adjusted share held on the record date (the “**Rights Issue**”) on the unaudited consolidated net tangible assets of the Group as if the Capital Reorganisation and Rights Issue had been undertaken and completed on 30 June 2010.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group is prepared based on the unaudited consolidated net assets of the Group as at 30 June 2010, as extracted from published unaudited interim results of the Group for the six months ended 30 June 2010 set out in the interim report of the Company for the six months ended 30 June 2010 (pages 4 to 21), which are published on both the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (www.unity913.com), after incorporating the unaudited pro forma adjustments described in the accompanying notes.

APPENDIX II PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group following the Capital Reorganisation and the Rights Issue.

	Unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2010 (Note 3) HK\$'000	Estimated net proceeds from the Rights Issue (Note 4) HK\$'000	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company immediately after completion of the Capital Reorganisation and the Rights Issue HK\$'000	Unaudited consolidated net tangible assets per Share attributable to the owners of the Company as at 30 June 2010 (Note 5) HK\$	Unaudited pro forma adjusted consolidated net tangible assets per Adjusted Share attributable to the owners of the Company immediately after completion of the Capital Reorganisation and the Rights Issue (Note 6) HK\$
Scenario I					
Rights Issue of					
341,567,856 Rights					
Shares (Note 1)	360,317	117,290	477,607	0.422	1.243
Scenario II					
Rights Issue of					
444,038,208 Rights					
Shares (Note 2)	360,317	153,260	513,577	0.422	1.028

Notes:

1. The Rights Issue of 341,567,856 Rights Shares is based on 42,695,982 Adjusted Shares in issue upon the Capital Reorganisation becoming effective (assuming the Issue Mandate is not utilised and no Option is granted and exercised on or before the Record Date).
2. The Rights Issue of 444,038,208 Rights Shares is based on 55,504,776 Adjusted Shares in issue upon the Capital Reorganisation becoming effective (assuming full utilisation of the Issue Mandate and full exercise of the subscription rights attaching to the maximum number of Options granted pursuant to the Scheme Mandate Limit on or before the Record Date).
3. The unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2010 is arrived at based on the published unaudited interim results of the Group for the six months ended 30 June 2010 of approximately HK\$360,317,000 as set out in the interim report of the Company for the six months ended 30 June 2010 (pages 4 to 21), which are published on both the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (www.unity913.com).

APPENDIX II PRO FORMA FINANCIAL INFORMATION OF THE GROUP

4. The estimated net proceeds from the Rights Issue is calculated based on 341,567,856 Rights Shares for Scenario I or 444,038,208 Rights Shares for Scenario II to be issued at the Subscription Price of HK\$0.36 per Rights Share, after deduction of the estimated related expenses of approximately HK\$5,670,000 for Scenario I and HK\$6,590,000 for Scenario II respectively.
5. The number of Shares used for the calculation of unaudited consolidated net tangible assets per Share is 853,919,643 as at 30 June 2010.
6. The unaudited pro forma adjusted consolidated net tangible assets per Adjusted Share immediately after completion of the Capital Reorganisation and Rights Issue is calculated based on (i) 384,263,838 Adjusted Shares for Scenario I which comprise 42,695,982 Adjusted Shares in issue upon the Capital Reorganisation becoming effective but before the Rights Issue and 341,567,856 Rights Shares expected to be issued on the completion of the Capital Reorganisation and the Rights Issue, or (ii) 499,542,984 Adjusted Shares for Scenario II which comprises 55,504,776 Adjusted Shares in issue upon the Capital Reorganisation becoming effective but before the Rights Issue and 444,038,208 Rights Shares expected to be issued on the completion of the Capital Reorganisation and the Rights Issue.
7. No adjustment has been made to reflect any trading results or other transaction of the Group entered into subsequent to 30 June 2010.

These unaudited pro forma adjusted consolidated net tangible assets does not take into account the increase in net tangible assets arising from (i) full utilisation of the Issue Mandate; and (ii) full exercise of the subscription rights attaching to the maximum number of Options granted pursuant to the Scheme Mandate Limit on or before Record Date.

2. LETTER ON THE UNAUDITED PRO FORMA CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The following is the text of a report received from the reporting accountant of the Company, W.H. Tang & Partners CPA Limited, in respect of the unaudited pro forma financial information of the Group for the purpose of incorporation in this circular.

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**W.H. TANG
& PARTNERS
CPA LIMITED**

31 August 2010

The Directors

Unity Investments Holdings Limited

Room 2206, 22nd Floor

China United Centre

28 Marble Road

North Point, Hong Kong

Dear Sirs,

We report on the unaudited pro forma statement of adjusted consolidated net tangible assets (the “**Unaudited Pro Forma Financial Information**”) of Unity Investments Holdings Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) set out in Section 1 of Appendix II to the circular of the Company dated 31 August 2010 (the “**Circular**”) in connection with the proposed Capital Reorganisation (as defined in the Circular) and the proposed Rights Issue (as defined in the Circular) of the Company. The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company 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 2010. The basis of preparation of the Unaudited Pro Forma Financial Information is set out in the introduction and notes to the Unaudited Pro Forma Financial Information as set out in Section 1 of this Appendix.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND REPORTING ACCOUNTANTS

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

APPENDIX II PRO FORMA FINANCIAL INFORMATION OF THE GROUP

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

BASIS OF OPINION

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

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

The Unaudited Pro Forma Financial Information is for illustrative purpose only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in future and may not be indicative of the financial position of the Group as at 30 June 2010 or any future date.

OPINION

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Yours faithfully,

W. H. Tang & Partners CPA Limited

Certified Public Accountants

Hong Kong

TANG Wai Hung

Practising Certificate Number P03525

This appendix serves as an additional disclosure requirement pursuant to Rule 21.09 of Listing Rules in connection with the listing document of investment company. This appendix includes particulars given in compliance with the Listing Rules for the purpose of giving information to the public with regard to the Company.

INVESTMENT MANAGEMENT INFORMATION**Investment Manager**

CU Investment Management Limited
26th Floor
China United Centre
28 Marble Road
North Point
Hong Kong

Directors of the Investment Manager

Wong Foelan
26th Floor
China United Centre
28 Marble Road
North Point
Hong Kong

Pak William Eui Won
26th Floor
China United Centre
28 Marble Road
North Point
Hong Kong

Custodian

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

The Investment Manager

CU Investment Management Limited (“CUIM”) is a company incorporated in Hong Kong on 27 August 2001 with limited liability and is a licensed corporation registered under the SFO. CUIM is responsible for making investment proposals in accordance with the Investment Management Agreement, the Articles and the investment policies of the Company.

The following are the directors of CUIM:

Dr. Foelan Wong (“Dr. Wong”) has more than 10 years of professional experiences in the financial services industry. Dr. Wong has worked for regional financial institutions. Dr. Wong has been engaged in proprietary trading in equity, futures and options, fund management, research analyst, equity capital market and private equity investment. Dr. Wong is a licensed responsible officer under Securities and Futures Ordinance. Dr. Wong graduated from Edith Cowan University in Australia and received a Master of Management Information Systems degree and got a doctorate degree in the United States (U.S.). Dr. Wong was appointed as the managing director of CUIM on 4 March 2010.

Mr. Pak William Eui Won (“Mr. Pak”) holds a Master of Laws degree in U.S. taxation from the University of Washington School of Law, a Juris Doctor’s degree from the University of British Columbia Faculty of Law and an Economics and Commerce degree from the University of British Columbia Faculty of Arts. Mr. Pak is an attorney licensed by the New York State Bar and is a member of the New York State Bar Association and the American Bar Association. Mr. Pak was a lawyer in the investment funds practice at White & Case’s New York and Hong Kong offices. Mr. Pak has substantive experience in the establishment and representation of both U.S. and international private investment funds including private equity funds, hedge funds, real estate funds, distressed funds and hybrid funds. Investors in such funds have included U.S. tax exempt and ERISA investors, U.S. taxable investors and various other non-U.S. investors. Mr. Pak has acted for fund sponsors, fund managers, placement agents and investors from the United States, Europe, the Middle East and Asia. Prior to joining White & Case, Mr. Pak worked in the mergers & acquisitions department in the San Francisco office of Ernst & Young where he provided transactional tax advisory services for mergers and acquisitions, reorganisations, and spin-offs involving private equity funds, U.S. corporations, partnerships, LLCs and foreign entities. Mr. Pak is currently the independent non-executive director of Forefront Group Limited (stock code: 885), which is a company listed on the Stock Exchange and a director of Hennabun Capital Group Limited. Mr. Pak has been appointed as the director of CUIM on 10 May 2010.

The Custodian

Chong Hing Bank Limited (formerly known as Liu Chong Hing Bank Limited) was appointed as the custodian in relation to the investments which the Company may from time to time deposit with the Custodian.

The Directors confirm that none of the directors of the investment company, the management company, any investment adviser or any distribution company, or any associate of any of those persons, is or will become entitled to receive any part of any brokerage charged to the investment company, or any re-allowance of other types on purchases charged to the investment company.

RISKS RELATING TO THE COMPANY

The Company is an investment company and its funds will be invested in listed and unlisted companies in Hong Kong, PRC and other main markets around the world. These investments will be subject to market fluctuations and to the risks inherent in all investments. Investors should also be aware that the Company's income and its Net Asset Value are liable to be adversely affected by external factors beyond the control of the Company. As a result, income of the fund and its Net Asset Value may therefore go down as well as go up, subject to the prevailing market conditions.

INVESTMENT OBJECTIVES AND POLICIES

The Company is an investment company incorporated in the Cayman Islands with the primary objective of achieving medium-term to long-term capital appreciation by investing in listed and unlisted companies in Hong Kong, PRC and other main markets around the world.

The Company has adopted the following investment policies:

1. Investments will normally be made in the form of equity related securities and debt instruments in listed and unlisted companies engaged in different industries including (but not limited to) the manufacturing, services, property, telecommunications, technology and infrastructure sectors to maintain a balance in the Company's exposure to different industry sectors in order to minimise the impact on the Company of any downturn in any particular sector.
2. Investments will normally be made in enterprises which are established in their respective fields and in which the Board believes that there are prospects of long-term growth. In particular, the Company will seek to identify businesses with a potential of profit growth, strong management, high level of technical expertise and research and development capabilities as well as management commitment to the long-term growth. However, the Company will also consider investments in companies or other entities which are considered by the Board and the Investment Manager to be in special or recovery situations.
3. Where possible, the Board and the Investment Manager would seek to identify investments where there is a certain degree of synergy with other investee companies and where co-operation between such companies would be of mutual benefit to each other.
4. The Company's investments are intended to identify medium-term or long-term capital appreciation and there is no present intention to realise any of such investments in any specific period or by any specific date. Nevertheless, the Board will from time to time realise investments where they believe that to do so would be in the best interests of the Company or where the terms on which such realisation can be achieved are believed by the Board to be particularly favourable to the Company.

Investors should note that while it is the intention that the funds of the Company will be invested in accordance with the investment objectives and policies outlined above as soon as practicable, it may take some time before the funds of the Company are fully deployed due to market and other investment considerations.

INVESTMENT RESTRICTIONS

Under the Articles and the Listing Rules relating to the listing of investment companies, certain restrictions on investments are imposed on the Company. In part to meet such restriction, the Board has resolved that the Company may not:

1. either on its own or in conjunction with any connected person, make legal, or effective, management control of any company or other entity in which it invests or owns or controls more than 30% (or such lower percentage as may from time to time be specified in The Hong Kong Code on Takeovers and Mergers as being the level for triggering a mandatory general offer) of the voting rights in such company or entity, except in relation to wholly-owned subsidiaries of the Company.
2. invest in any company or entity other than wholly-owned subsidiaries of the Company if such investment will result in more than 20% of the Net Asset Value being invested in such company or entity as at the date the investment is made.
3. buy or sell commodities, commodity contracts or precious metals, except that it may purchase and sell futures contracts on stock indices and securities which are secured by commodities or precious metal.
4. invest more than 20% of the Company's assets outside Hong Kong and the PRC to the extent of contravening its primary objective of achieving medium-term or long-term capital appreciation by investing in listed and unlisted companies in Hong Kong and the PRC.

The Company has to comply with investment restrictions 1 and 2 above, in accordance with its Articles, and at all times while it remains listed as an investment company under Chapter 21 of the Listing Rules.

Investment restrictions 3 and 4 can be changed subject to the approval of Shareholders by way of an ordinary resolution. The Board has no present intention to change any of the abovementioned investment restrictions.

BORROWING POWER

Pursuant to the provision of the Articles, the Company may exercise its borrowing power to borrow up to an aggregate principal amount for the time being remaining discharged of all money borrowed by the Group not exceeding 50% of the Net Asset Value. The Group's assets may be charged or pledged as security for borrowing.

DISTRIBUTION POLICY

It is the Board's intention to distribute any excess balance by way of dividend to the extent permitted by law, the Memorandum and the Articles. Dividends will only be paid to the extent that they are covered by net income received from underlying investments. Distribution will be made annually after the annual accounts of the Company are approved by the Shareholders but interim distribution may be made from time to time to Shareholders as appear to the Board to be justified by the position of the Company. Distributions will be made in Hong Kong dollars.

FOREIGN CURRENCY MANAGEMENT AND EXCHANGE CONTROL

As a result of overseas investments denominated in United States Dollars ("US\$") and Singapore Dollars ("SG\$"), the Group is exposed to the movement in the HK\$/US\$ and HK\$/SG\$ exchange rates. The Group's exposure to foreign exchange risk was not significant, therefore, no financial instrument was made to hedge such exposures.

TAXATION

The taxation of income and capital gains of the Company are subject to the fiscal law and practice of Hong Kong. Prospective investors should consult their own professional advisers on the tax implications of investing, holding or disposing of Shares under the laws of the jurisdiction in which they are liable to taxation.

FEES AND EXPENSES

The Company will pay the fees of the Investment Manager and the Custodian, as described below. In addition, the Company will pay certain other costs and expenses incurred in its operation, including taxes, expenses for legal, auditing and consulting services, promotional expenses, registration fees and other expenses due to supervisory authorities in various jurisdictions, insurance, interest and brokerage cost.

Investment management fees

The Company will pay the Investment Manager a monthly management fee payable in advance in HK\$60,000 per month pursuant to renewal of Investment Management Agreement dated 23 December 2009 for another one-year period up to 31 December 2010.

Custodian fees

Pursuant to the Custodian Agreement, the Company will pay the Custodian such reasonable fees, costs and expenses in respect of the custodian account as may from time to time be prescribed by the Custodian. All fees, costs and expenses of the Custodian shall accrue on a daily basis. The Company also agrees to pay all costs, taxes, expenses and fees (including any applicable fees of any clearing house) in connection with or arising out of the operation of the custodian account. The Custodian shall be entitled to charge interest (both before and after judgment) on any amount owed to the Custodian by the Company at 6% above the prime rate from time to time of the Custodian.

INVESTMENT PORTFOLIO

The followings are the details of the ten largest investments of the Group as at 31 December 2009, which include all listed investments and all other investments with a value of more than 5% of the Group's gross assets as at 31 December 2009. Save for the investments disclosed herein, there are no other listed investments and all other investments with a value of more than 5% of the Company's gross assets as at 31 December 2009.

	Name of investee company	Stock code	Number of share held	Effective shareholding interest	Cost/carrying value up to 31 December 2009 HK\$	Market value/ fair value as at 31 December 2009 HK\$	Unrealised holding gain (loss) arising on revaluation HK\$	Dividend received/ receivable during the year HK\$
(i)	China Public Healthcare (Holding) Limited	8116	285,000,000	2.65%	58,895,000	60,420,000	1,525,000	–
(ii)	China Strategic Holdings Limited	235	96,666,666	2.61%	26,711,866	54,133,333	27,421,467	–
(iii)	GR Vietnam Holdings Limited (unlisted convertible bonds)	–	Not applicable	Not applicable	17,991,016	23,000,000	5,008,984	–
(iv)	Poly Development Holdings Limited	1141	28,456,000	1.43%	7,825,400	21,911,120	14,085,720	–
(v)	G-Resources Group Limited	1051	41,216,352	0.29%	32,480,857	20,196,013	(12,284,844)	–
(vi)	China Sci-Tech Holdings Limited	985	63,891,645	2.01%	14,920,211	15,653,453	733,242	–
(vii)	China Chief Cable TV Group Limited	8153	28,125,000	1.50%	9,421,875	14,906,250	5,484,375	–
(viii)	LIC Opportunities Fund (Cayman) Limited	–	Not applicable	Not applicable	11,640,900	Not applicable	–	–
(ix)	Pacific Century Regional Developments Limited	P15.SI	11,000,000	0.36%	8,192,800	10,807,830	2,615,030	4,793,042
(x)	G-Prop (Holdings) Limited	286	27,000,000	1.11%	10,071,000	8,235,000	(1,836,000)	–

(i) China Public Healthcare (Holding) Limited (“C Public Health”) was incorporated in Cayman Islands and the shares of which are listed on the Growth Enterprise Market of the Stock Exchange (stock code: 8116). C Public Health is principally engaged in hospital data evaluation analytics, hospital information technology system for medical data acquisition, processing and application system, mining of mineral resources and accessories in the People's Republic of China, radio trunking systems integration and provision of telemedia-related and other value-added telecommunication-related technical services. For the financial year ended 31 December 2009, the audited consolidated loss from continuing operations attributable to equity holders of C Public Health was HK\$357,796,000 with basic loss per share from continuing operations of HK\$7.05 cents. As at 31 December 2009, its audited consolidated net assets of C Public Health was HK\$727,437,000.

(ii) China Strategic Holdings Limited (“China Strategic”) was incorporated in Hong Kong and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 235). China Strategic is principally engaged in manufacturing and trading of battery products and related accessories and investment in securities. For the financial year ended 31 December 2008, the audited consolidated loss attributable to equity holders of China Strategic was HK\$452,365,000 with basic loss per share of HK\$0.23. As at 31 December 2008, its audited consolidated net assets was HK\$349,098,000.

(iii) GR Vietnam Holdings Limited (“GR Vietnam”) was incorporated in Bermuda and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 139). GR Vietnam is principally engaged in trading and distribution of electronic products and other merchandise and securities investment and trading. For the financial year ended 31 March 2009, the audited consolidated loss attributable to equity holders of GR Vietnam was HK\$280,707,000 with basic loss per share of HK\$9.94 cents. As at 31 March 2009, its audited consolidated net assets was HK\$214,536,000.

- (iv) Poly Development Holdings Limited (“Poly Development”) was incorporated in Bermuda and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1141). Poly Development is principally engaged in supply and procurement business operations and securities investment. During the financial year of 2009, Poly Development has expanded the business scope of its supply and procurement business into commodities of fuel, metal minerals and recycled metal materials. For the financial year ended 31 March 2009, the audited consolidated loss attributable to equity holders of Poly Development was HK\$4,907,000 with basic and diluted loss per share of HK0.40 cents. As at 31 March 2009, its audited consolidated net assets was HK\$228,033,000.
- (v) G-Resources Group Limited (“G-Resources”) was incorporated in Bermuda and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1051). G-Resources is principally engaged in gold and related metals mining business. For the financial year ended 30 June 2009, the audited consolidated loss from continuing operations and discontinued operation attributable to equity holders of G-Resources was HK\$153,287,000 and HK\$10,997,000 respectively with basic and diluted loss per share from continuing and discontinued operations of HK38.4 cents. As at 30 June 2009, its audited consolidated net assets was HK\$497,117,000.
- (vi) China Sci-Tech Holdings Limited (“China Sci-Tech”) was incorporated in Cayman Islands and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 985). China Sci-Tech is principally engaged in investment in financial instruments and property investment. For the financial year ended 31 March 2009, the audited consolidated loss attributable to equity holders of China Sci-Tech was HK\$366,522,000 with basic and diluted loss per share of HK69.07 cents. As at 31 March 2009, its audited consolidated net assets was HK\$2,123,686,000.
- (vii) China Chief Cable TV Group Limited (“CCC TV”) was incorporated in Bermuda and the shares of which are listed on Growth Enterprise Market of the Stock Exchange (stock code: 8153). CCC TV is principally engaged in provision of pre-mastering and other media services, audiovisual playout services in Hong Kong, development of digital TV system platform and program database, sales and rental of set-top boxes, design and manufacture digital TV equipment and facilities in PRC. For the financial year ended 31 March 2009, the audited consolidated loss attributable to equity holders of CCC TV was HK\$283,421,000 with basic loss per share of HK33.65 cents. As at 31 March 2009, its audited consolidated net assets was HK\$295,535,000.
- (viii) LIC Opportunities Fund (Cayman) Limited (“LIC Opportunities Fund”) was an open-ended fund at issue price of US\$1,000 per unit and Fortis Prime Fund Solutions (Cayman) Limited and Fortis Prime Fund Solutions (Asia) Limited is the administrator and sub-administrator of the LIC Opportunities Fund respectively. The strategy of LIC Opportunities Fund is to achieve absolute returns through a multi-strategy approach towards investments. Investments of LIC Opportunities Fund would primarily focus in Asia-Pacific equity market.
- (ix) Pacific Century Regional Developments Limited (“Pacific Century”) is listed on the Singapore Exchange Securities Trading Limited and incorporated and domiciled in Singapore. The principal activities of Pacific Century and its subsidiaries are the holding of investments and development of infrastructure and properties. For the financial year ended 31 December 2008, the audited consolidated profit from continuing operations attributable to equity holders of Pacific Century was SG\$32,369,000 with basic and diluted earnings per share of SG1.05 cents. As at 31 December 2008, its audited consolidated net assets was SG\$12,078,000.
- (x) G-Prop (Holdings) Limited (“G-Prop”) was incorporated in Bermuda and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 286). G-Prop is principally engaged in the business of property investments and investment and finance. For the financial year ended 31 December 2009, the audited consolidation profit attributable to equity holders of G-Prop was HK\$11,788,000 with basic and diluted earnings per share of HK0.53 cents. As at 31 December 2009, its audited consolidated net assets was HK\$481,577,000.

AVAILABLE-FOR-SALE INVESTMENTS

The details of the available-for-sale investments of the Group as at 31 December 2009 are as follows:

	2009 <i>HK\$</i>	2008 <i>HK\$</i>
Equity investment, at fair value		
Listed in Hong Kong	214,556,799	87,685,511
Equity investment, at cost		
Unlisted in Hong Kong	36,058,300	36,058,300
Impairment loss (<i>Note</i>)	(30,058,300)	(25,656,549)
	6,000,000	10,401,751
Unlisted overseas	11,640,900	–
	17,640,900	10,401,751
Debt investment, unlisted in Hong Kong, at fair value		
Loan and receivable portion	24,023,251	39,205,078
Embedded derivative	2,576,749	6,145,273
	26,600,000	45,350,351
Total	258,797,699	143,437,613

Note:

Provision for diminution in value on unlisted equity investments as at 31 December 2009 comprises:

		Effective shareholding interest	Cost HK\$	Recoverable amount HK\$	Impairment loss HK\$
(i)	Hennabun Capital Group Limited ("Hennabun")	0.91%	31,000,000	6,000,000	25,000,000
(ii)	Cosmedia Group Holdings Limited ("Cosmedia")	0.49%	5,058,300	–	5,058,300
			<u>36,058,300</u>	<u>6,000,000</u>	<u>30,058,300</u>

⁽ⁱ⁾ Hennabun is a private company incorporated in British Virgin Island and is principally engaged in investment holding and its subsidiaries are engaged in securities trading, investment holding and provision of brokerage and financial services.

⁽ⁱⁱ⁾ Cosmedia is a private company incorporated in Cayman Islands and is principally engaged in business of advertising, media services and television home shopping.

The recoverable amount has been assessed by the Directors with reference to latest available financial information of the investee companies.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors and the directors of the Investment Manager collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors and the directors of the Investment Manager, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date; and (ii) immediately following the Capital Reorganisation becoming effective and completion of the Rights Issue (assuming the Issue Mandate is not utilised and no Option is granted and exercised on or before the Record Date); and (iii) immediately following the Capital Reorganisation becoming effective and completion of the Rights Issue (assuming full utilisation of the Issue Mandate and full exercise of the subscription rights attaching to the maximum number of Options granted pursuant to the Scheme Mandate Limit on or before the Record Date) were as follows:

(i) As at the Latest Practicable Date

<i>Authorised:</i>	<i>HK\$</i>
20,000,000,000 Shares of HK\$0.10 each	2,000,000,000.00
<i>Issued and fully paid:</i>	
853,919,640 Shares	85,391,964.00

- (ii) **Immediately following the Capital Reorganisation becoming effective and completion of the Rights Issue (assuming the Issue Mandate is not utilised and no Option is granted and exercised on or before the Record Date)**

Authorised: HK\$

<u>200,000,000,000</u>	Adjusted Shares of HK\$0.01 each	<u>2,000,000,000.00</u>
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Issued and to be issued:

42,695,982	Adjusted Shares in issue before completion of the Rights Issue	426,959.82
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341,567,856	Rights Shares to be allotted and issued under the Rights Issue	3,415,678.56
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<u>384,263,838</u>	Adjusted Shares in issue immediately after completion of the Rights Issue	<u>3,842,638.38</u>
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- (iii) **Immediately following the Capital Reorganisation becoming effective and completion of the Rights Issue (assuming full utilisation of the Issue Mandate and full exercise of the subscription rights attaching to the maximum number of Options granted pursuant to the Scheme Mandate Limit on or before the Record Date)**

Authorised: HK\$

<u>200,000,000,000</u>	Adjusted Shares of HK\$0.01 each	<u>2,000,000,000.00</u>
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Issued and to be issued:

55,504,776	Adjusted Shares in issue before completion of the Rights Issue	555,047.76
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444,038,208	Rights Shares to be allotted and issued under the Rights Issue	4,440,382.08
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<u>499,542,984</u>	Adjusted Shares in issue immediately after completion of the Rights Issue	<u>4,995,429.84</u>
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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 the Adjusted Shares in issue as at the date of allotment and issue of the Rights Shares. The Rights Shares to be issued will be listed on the Stock Exchange.

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

As at the Latest Practicable Date, the Company had no 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, there were no arrangement under which future dividends are waived or agreed to be waived.

3. DISCLOSURE OF INTERESTS BY DIRECTORS

As at the Latest Practicable Date, the interests or short positions of the Directors in the Shares, underlying Shares and 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 the Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long positions in the Shares

Name of Director	Capacity	Number of Shares	Approximate percentage of shareholding
Choi Ka Wing	Beneficial owner	2,785,000	0.33% (Note)

Note:

The percentage of shareholding in the Company is calculated on the basis of 853,919,640 Shares in issue as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying Shares and 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 the Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

4. INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares/Adjusted Shares 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 was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

Long positions in the underlying Adjusted Shares

Name of Shareholders	Capacity	Number of underlying Adjusted Shares	Approximate percentage of shareholding
Get Nice Holdings Limited	Interest of controlled corporation	444,038,208 (Note 1)	88.89% (Note 2)
Get Nice Incorporated	Interest of controlled corporation	444,038,208 (Note 1)	88.89% (Note 2)
Underwriter	Beneficial owner	444,038,208 (Note 1)	88.89% (Note 2)
Wo Fung Securities Company Limited	Beneficial owner	95,000,000	19.02% (Note 2)
Times Securities Company Limited	Beneficial owner	38,000,000	7.61% (Note 2)

Notes:

- These are the Rights Shares which the Underwriter has underwritten in respect of the Rights Issue (assuming full utilisation of the Issue Mandate and full exercise of the subscription rights attaching to the maximum number of Options granted pursuant to the Scheme Mandate Limit on or before the Record Date). The Underwriter is wholly-owned by Get Nice Incorporated which in turn is wholly-owned by Get Nice Holdings Limited.
- The percentage of shareholding in the Company is calculated on the basis of 499,542,984 Adjusted Shares in issue immediately after completion of the Rights Issue (on the assumption that Capital Reorganisation has been effective and the Rights Issue is completed on the basis of full utilisation of the Issue Mandate and full exercise of the subscription rights attaching to the maximum number of Options granted pursuant to the Scheme Mandate Limit on or before the Record Date).

Save as disclosed above, as at the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company, no person (other than a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares 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 was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or any options in respect of such capital.

5. DIRECTORS' INTERESTS IN ASSETS/CONTRACTS AND OTHER INTERESTS

- (i) As at the Latest Practicable Date, 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 2009, the date to which the latest published audited financial statements of the Group were made up, notwithstanding that the Directors may from time to time, not in their capacities as Directors, hold de minimis investments in non-associated listed companies, the shares of which may also be acquired by or disposed of by the Company during its ordinary course of business.
- (ii) There is no contract or arrangement entered into by any member of the Group, subsisting as at the Latest Practicable Date in which any of the Directors is materially interested and which is significant in relation to the business of the Group as a whole.

6. EXPERTS

The following are the qualifications of the experts who have given opinions or advice, which are contained in this circular:

Name	Qualification
Veda Capital Limited	a licensed corporation to carry out business in type 6 (advising on corporate finance) regulated activity under the SFO
W.H. Tang & Partners CPA Limited	Certified Public Accountants

As at the Latest Practicable Date, none of the above experts had any direct or indirect shareholdings in any member of the Group, or any right to subscribe for or to nominate persons to subscribe for shares in any member of the Group, or any interests, directly or indirectly, 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 2009, the date to which the latest published audited financial statements of the Group were made up.

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion therein of its reports and references to its name in the form and context in which they appear.

7. SERVICE CONTRACTS

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

8. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation, claim or arbitration of material importance and there was no litigation, claim or arbitration of material importance known to the Directors to be pending or threatened against any member of the Group.

9. MATERIAL CONTRACTS

The following contracts had been entered into by the Group (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the Latest Practicable Date and are or may be material:

- (i) a settlement deed dated 8 October 2008 entered into between the Company and Union Glory Finance Inc. (an indirect wholly owned subsidiary of Mascotte Holdings Limited) regarding the issue of zero coupon convertible notes due 2011 in an aggregate principal amount of HK\$18,000,000 by the Company to Union Glory Finance Inc. for settlement of the loan in the principal amount of HK\$18,000,000 to the Company, details of which have been disclosed in the announcement of the Company dated 9 October 2008;
- (ii) a settlement deed dated 8 October 2008 entered into between the Company and Double Smart Finance Limited (an indirect wholly owned subsidiary of Heritage International Holdings Limited) regarding the issue of zero coupon convertible notes due 2011 in an aggregate principal amount of HK\$20,000,000 by the Company to Dollar Group Limited (an indirect wholly owned subsidiary of Heritage International Holdings Limited) as directed by Double Smart Finance Limited for settlement of the loan in the principal amount of HK\$20,000,000 made by Double Smart Finance Limited to the Company, details of which have been disclosed in the announcement of the Company dated 9 October 2008;
- (iii) an agreement dated 30 January 2009 entered into between the Company and Get Nice Securities Limited in relation to the rights issue of not less than 375,791,474 and not more than 663,670,261 rights shares on the basis of one rights share for every Share held by qualifying shareholders at the subscription price of HK\$0.10 per rights Share, details of which have been disclosed in the announcement of the Company dated 2 February 2009;
- (iv) an agreement dated 12 June 2009 entered into between the Company and Get Nice Securities Limited regarding a placing of 239,000,000 new Shares on a fully underwritten basis at a placing price of HK\$0.10 per Share, details of which have been disclosed in the announcement of the Company dated 12 June 2009;

- (v) an agreement dated 7 September 2009 entered into between the Company and Get Nice Securities Limited regarding a placing of 100,000,000 new Shares on a fully underwritten basis at a placing price of HK\$0.38 per Share, details of which have been disclosed in the announcement of the Company dated 7 September 2009;
- (vi) an agreement dated 7 September 2009 entered into between the Company and Get Nice Securities Limited regarding a placing of 200,000,000 new Shares on a best effort basis at a placing price of HK\$0.38 per Share (the “Best Effort Placing Agreement”), details of which have been disclosed in the announcement of the Company dated 7 September 2009;
- (vii) a termination agreement dated 8 December 2009 entered into between the Company and Get Nice Securities Limited to terminate the Best Effort Placing Agreement, details of which have been disclosed in the announcement of the Company dated 8 December 2009;
- (viii) an agreement dated 5 January 2010 entered into between the Company and Kingston Securities Limited regarding a placing of 28,770,000 new Shares on a fully underwritten basis at a placing price of HK\$0.38 per Share, details of which have been disclosed in the announcement of the Company dated 5 January 2010;
- (ix) an agreement dated 2 March 2010 (as amended by a supplemental agreement dated 17 March 2010) entered into between the Company and Get Nice Securities Limited in relation to the rights issue of 569,279,762 rights shares on the basis of two rights share for every Share held by qualifying shareholders at the subscription price of HK\$0.15 per rights share, details of which have been disclosed in the announcement of the Company dated 4 March 2010; and
- (x) the Underwriting Agreement.

10. CORPORATE INFORMATION

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	Room 2206, 22nd Floor China United Centre 28 Marble Road North Point Hong Kong
Branch share registrar and transfer office of the Company in Hong Kong	Tricor Tengis Limited 26th Floor, Tesbury Centre 28 Queen's Road East Wanchai Hong Kong
Authorised representatives	KITCHELL Osman Bin Room 2206, 22nd Floor China United Centre 28 Marble Road North Point Hong Kong LIU Tsui Fong Room 2206, 22nd Floor China United Centre 28 Marble Road North Point Hong Kong
Company secretary	LIU Tsui Fong, <i>FCCA, ACIS, ACS</i> Room 2206, 22nd Floor China United Centre 28 Marble Road North Point Hong Kong

Legal advisers to the Company

(As to Hong Kong Law)

Richards Butler

in association with Reed Smith LLP

20th Floor, Alexandra House

16-20 Chater Road, Central

Hong Kong

(As to Cayman Islands Law)

Conyers Dill & Pearman

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Auditor

Mazars CPA Limited

Certified Public Accountants

42nd Floor, Central Plaza

18 Harbour Road

Wanchai

Hong Kong

Principal bankers

The Hong Kong and Shanghai

Banking Corporation Limited

No.1 Queen's Road Central

Hong Kong

Chong Hing Bank Limited

Chong Hing Bank Centre

24 Des Voeux Road Central

Hong Kong

DIRECTORS**Particulars of Directors****Name****Address****Executive Directors**

KITCHELL Osman Bin

Room 2206, 22nd Floor
China United Centre
28 Marble Road
North Point
Hong Kong

DAVIS Angela Hendricks

Room 2206, 22nd Floor
China United Centre
28 Marble Road
North Point
Hong Kong

CHOI Ka Wing

Room 2206, 22nd Floor
China United Centre
28 Marble Road
North Point
Hong Kong**Independent non-executive Directors**

CHUNG Kong Fei, Stephen

33 Shuicheng Rd. South
Shanghai 201103
PRC

TSANG Wing Ki

Unit 306-307, 3rd Floor
Lippo Sun Plaza
28 Canton Road
Tsim Sha Tsui, Kowloon
Hong Kong

NGAI Wai Kin

Suite 2801-03, 28th Floor
China United Centre
28 Marble Road
North Point
Hong Kong

Executive Directors:

Mr. KITCHELL Osman Bin (“**Mr. KITCHELL**”), aged 45, a Canadian citizen, had his high-school education in Hong Kong and undergraduate studies in Canada. Mr. KITCHELL had obtained a honorary diploma from Pickering College in Canada. Mr. KITCHELL studied Economics in the University of Toronto, Canada. Mr. KITCHELL is a veteran investor mainly in the Hong Kong equity markets with 14 years of experience. Mr. KITCHELL had been an investor managing a private family fund. Mr. KITCHELL was appointed as an executive Director on 10 January 2005 and also appointed as the chief executive officer of the Company on 17 January 2006. Mr. KITCHELL was elected as chairman of the Company on 16 January 2008.

Ms. DAVIS Angela Hendricks (“**Ms. DAVIS**”), aged 43, holds Master of Laws Degree, Juris Doctor, *cum laude*, and a Bachelor of Science Degree, *cum laude*. Ms. DAVIS is a member of the Kentucky Bar Association. Ms. DAVIS has extensive experience as a commercial litigator in the Louisville, Kentucky offices of Stites & Harbison, and as a deal lawyer in the New York and Beijing offices of Paul, Weiss, Rifkind, Wharton & Garrison. Ms. DAVIS was appointed as an executive Director on 18 June 2008.

Ms. CHOI Ka Wing (“**Ms. CHOI**”), aged 27, completed her high school education in Hong Kong and had further her studies at the 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 on 9 October 2006.

Independent non-executive Directors:

Mr. CHUNG Kong Fei, Stephen (“**Mr. CHUNG**”), aged 53, obtained a Bachelor Degree of Science from the Wharton School of Business, University of Pennsylvania, United States of America. 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 also an independent non-executive director of Computech Holdings Limited (stock code: 8081), a company listed on the Growth Enterprise Market of the Stock Exchange. Mr. CHUNG was appointed as an independent non-executive Director on 16 March 2004.

Mr. TSANG Wing Ki (“**Mr. TSANG**”), aged 48, obtained a master’s degree in professional accounting from the Hong Kong Polytechnic University. Mr. TSANG is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Associated of Chartered Certified Accountants. Mr. TSANG has more than 20 years of experience in auditing and financial accounting. Mr. TSANG is currently an executive director of Noble Jewelry Holdings Limited (stock code: 475), a company listed on the Main Board of the Stock Exchange. Mr. TSANG was appointed as an independent non-executive Director on 23 September 2004.

Mr. NGAI Wai Kin (“**Mr. NGAI**”), aged 46, holds a Professional Diploma in Accountancy from the Hong Kong Polytechnic, a Bachelor of Laws (Hons) degree from the University of London and a Master of Laws degree from the City University of Hong Kong. Mr. NGAI is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants and CPA Australia respectively. Mr. NGAI is also a barrister in England and Wales and a barrister in Hong Kong. Mr. NGAI has over 20 years of experience in finance and accounting field in both Hong Kong and Australia. Mr. NGAI was appointed as an independent non-executive Director on 23 July 2008.

11. MISCELLANEOUS

The English texts of this circular and the accompanying form of proxy shall prevail over their Chinese texts in case of inconsistencies.

12. EXPENSES

The expenses in connection with the Rights Issue, including the underwriting commission, financial advisory fees, printing, registration, translation, legal and accounting fees, are estimated to be approximately HK\$5.67 million on the basis of 341,567,856 Rights Shares to be issued or approximately HK\$6.59 million on the basis of 444,038,208 Rights Shares to be issued, and will be payable by the Company.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at Room 2206, 22nd Floor, China United Centre, 28 Marble Road, North Point, Hong Kong from the date of this circular up to and including the date of the EGM:

- (a) the Memorandum and the Articles;
- (b) the annual reports of the Company for the three financial years ended 31 December 2007, 31 December 2008 and 31 December 2009;
- (c) the interim report of the Company for the six months ended 30 June 2010;
- (d) the letter of advice from Veda Capital, the text of which is set out on pages 31 to 45 of this circular;
- (e) the letter from the Independent Board Committee, the text of which is set out on page 30 of this circular;
- (f) the letter on the unaudited pro forma financial information of the Group issued by W.H. Tang & Partners CPA Limited set out in appendix II to this circular;

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- (g) the material contracts disclosed in the paragraph under the heading “Material Contracts” in this appendix; and
- (h) the written consents referred to in the paragraph under the heading “Experts” 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 at 9:00 a.m. on Friday, 24 September 2010 for the purpose of considering and, if thought fit, passing, with or without modification, 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 of Hong Kong Limited granting or agreeing to grant the listing of, and permission to deal in, the Adjusted Shares (as defined below); and (ii) approval by the Grand Court of Cayman Islands (the “**Court**”) of the Capital Reduction (as defined below) and registration by the Registrar of Companies of the Cayman Islands of the order of the Court confirming the Capital Reduction and the minute approved by the Court containing the particulars required under the Companies Law of the Cayman Islands in respect of the Capital Reduction, with effect from the date on which those conditions are fulfilled:
 - (i) every twenty issued shares (“**Shares**”) of HK\$0.10 each be consolidated into one consolidated share (“**Consolidated Share**”) of HK\$2.00 each (“**Share Consolidation**”) and any fraction of a Consolidated Share arising from the Share Consolidation shall not be allocated to the holders of Shares otherwise entitled thereto but such fractions shall be aggregated and be sold for the benefit of the Company;
 - (ii) immediately following the Share Consolidation, the paid-up capital of each Consolidated Share of the Company be reduced from HK\$2.00 each to HK\$0.01 each by cancelling capital paid-up or credited as paid up to the extent of HK\$1.99 on each Consolidated Share by way of a reduction of capital (“**Capital Reduction**”) so that each issued Consolidated Share of HK\$2.00 each in the capital of the Company shall be treated as one fully paid-up share (“**Adjusted Share**”) of HK\$0.01 each in the share capital of the Company 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 and that the amount of issued capital thereby cancelled be made available for issue of new shares of the Company;
 - (iii) the credit arising from the Capital Reduction shall be applied towards cancelling the accumulated deficit of the Company (if any) with the balance (if any) to be transferred to the distributable capital reduction reserve account of the Company which shall be utilised by the directors of the Company as a distributable reserve of the Company in accordance with the Companies Law of the Cayman Islands and the articles of association of the Company;

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (iv) immediately following the Capital Reduction, each authorised but unissued Share of HK\$0.10 each be sub-divided into ten Adjusted Shares of HK\$0.01 each (“**Share Sub-division**”);
- (v) all of the Adjusted Shares resulting from the Share Consolidation, Capital Reduction and Share Sub-division 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
- (vi) 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 Share Consolidation, Capital Reduction, Share Sub-division and application of credit arising from the Capital Reduction (together, the “**Capital Reorganisation**”).

ORDINARY RESOLUTION

- 2. “**THAT** conditional on the Capital Reorganisation referred to in resolution numbered 1 becoming effective and on the obligations of Get Nice Securities Limited (the “**Underwriter**”) becoming unconditional under the underwriting agreement dated 27 July 2010 entered into between the Company and the Underwriter (the “**Underwriting Agreement**”):
 - (i) the issue of not less than 341,567,856 Adjusted Shares and not more than 444,038,208 Adjusted Shares as defined in Resolution numbered 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\$0.36 per Rights Share (the “**Rights Issue**”) in the proportion of eight Rights Shares for every one Adjusted Share held by the holders of Adjusted Shares (the “**Shareholders**”) whose names appear on the register of members of the Company on 9 December 2010 (or such other date as the Underwriter may 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 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 31 August 2010 (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 (a) 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 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

NOTICE OF EXTRAORDINARY GENERAL MEETING

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 (b) to the extent that the Rights Shares referred to in (a) 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) the directors 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
Unity Investments Holdings Limited
合一投資控股有限公司
KITCHELL Osman Bin
Executive Director

Hong Kong, 31 August 2010

Notes:

- (1) A form of proxy to be used for the meeting is enclosed.
- (2) Any member of the Company entitled to attend and vote at the meeting shall be entitled to appoint another person (who must be an individual) as his proxy to attend and vote instead of him and a proxy 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. A member may appoint any number of proxies to attend in his stead at any one general meeting. In the case of a recognised clearing house, it may authorise such person(s) as it thinks fit to act as its representative(s) at the meeting and vote in its stead.
- (3) The instrument appointing a proxy must 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.
- (4) 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 must be delivered at the Company's branch share registrar and transfer office in Hong Kong, **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 any 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.
- (5) 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.

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