
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Unity Investments Holdings Limited, you should at once hand this Circular, together with 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 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)

**I. PROPOSED SHARE CONSOLIDATION;
II. PROPOSED CHANGE IN BOARD LOT SIZE;
III. PROPOSED RIGHTS ISSUE ON THE BASIS OF
TWO (2) RIGHTS SHARES FOR EVERY ONE (1) CONSOLIDATED SHARE
HELD ON THE RECORD DATE AT THE SUBSCRIPTION PRICE
OF HK\$0.25 PER RIGHTS SHARE; AND
IV. NOTICE OF EXTRAORDINARY GENERAL MEETING**

Financial adviser to the Company

Opus Capital Limited
創富融資有限公司

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

VINCO 域高

Underwriter of the Rights Issue

Suncorp
Securities Limited

Capitalised terms used in this cover page shall have the same meanings as defined in this Circular.

A letter from the Board is set out on pages 12 to 30 of this Circular and a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 31 to 32 of this Circular. A letter from Vinco Capital containing its recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 33 to 54 of this Circular.

A notice convening the EGM to be held at Best Western Plus Hotel Hong Kong, 308 Des Voeux Road West, Hong Kong at 11:00 a.m. on Tuesday, 5 July 2016 is set out on pages EGM-1 to EGM-3 of this Circular. Whether or not you intend to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so desire and in such event, the instrument appointing a proxy previously submitted shall be deemed to be revoked.

The Consolidated Shares will be dealt in on an ex-rights basis from 9:00 a.m. on Thursday, 7 July 2016. Dealings in the Rights Shares in their nil-paid form will take place from 9:00 a.m. on Tuesday, 21 July 2016 to close of business on Thursday, 28 July 2016 (both dates inclusive). It is expected that the conditions referred to in the section headed "Termination of the Underwriting Agreement" in this Circular are to be fulfilled on or before 4:00 p.m. on Friday, 5 August 2016. If the conditions referred to in that section are not fulfilled, the Underwriting Agreement shall terminate and the Rights Issue will not proceed. Any person contemplating buying or selling Shares or Consolidated Shares (as the case may be) from the Latest Practicable Date and up to the date on which all the conditions of the Rights Issue are fulfilled, and any dealings in the Rights Shares in their nil-paid form from 9:00 a.m. on Thursday, 21 July 2016 to close of business on Thursday, 28 July 2016 (both dates inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional and/or may not proceed. Any person contemplating dealing in the Shares, the Consolidated Shares and/or the Rights Shares in their nil-paid form are recommended to consult his/her own professional adviser.

It should be noted that the Underwriting Agreement contains provisions entitling the Underwriter by notice in writing to the Company at any time prior to 4:00 p.m. on the Latest Time for Termination to terminate its obligations under the Underwriting Agreement on the occurrence of certain events including force majeure. These events are set out under the section headed "Termination of the Underwriting Agreement" on page 11 of this Circular.

Upon the delivery of the notice of termination, all obligations of the Underwriter under the Underwriting Agreement shall cease and determine and neither party 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. If the Underwriter exercises such right, the Rights Issue will not proceed.

17 June 2016

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EXPECTED TIMETABLE

The expected timetable for the Share Consolidation, the Change in Board Lot Size and the Rights Issue is set below:

Event	2016 (Hong Kong Time)
Latest time for lodging transfers of Shares in order to be qualified for attendance and voting at the EGM.	4:30 p.m. on Monday, 27 June
Closure of register of members of the Company for registration or transfer of Shares to determine the rights to attend and vote at the EGM (both dates inclusive).	Tuesday, 28 June to Tuesday, 5 July
Record date for attendance and voting at the EGM.	Saturday, 2 July
Latest time for lodging proxy form for the EGM.	11:00 a.m. on Sunday, 3 July
Date and time of the EGM.	11:00 a.m. on Tuesday, 5 July
Announcement of the results of the EGM.	Tuesday, 5 July
Effective date of the Share Consolidation.	Wednesday, 6 July
Commencement of dealings in the Consolidated Shares.	9:00 a.m. on Wednesday, 6 July
Original counter for trading in Shares (in board lots of 50,000 Shares) (in the form of existing share certificates) temporarily closes.	9:00 a.m. on Wednesday, 6 July
Temporary counter for trading in Consolidated Shares, in board lots of 10,000 Consolidated Shares (in the form of existing share certificates) opens.	9:00 a.m. on Wednesday, 6 July
First day for the free exchange of existing certificates of the Shares into new share certificates of Consolidated Shares commences.	Wednesday, 6 July
Last day of dealing in Consolidated Shares on a cum-rights basis.	Wednesday, 6 July

EXPECTED TIMETABLE

First day of dealing in Consolidated Shares on an ex-rights basis.	Thursday, 7 July
Latest time for lodging transfer of Consolidated Shares in order to be qualified for the Rights Issue	4:30 p.m. on Friday, 8 July
Register of members closes for registration of transfer of Consolidated Shares to determine the entitlements to the Rights Issue (both dates inclusive)	Monday, 11 July to Friday, 15 July
Record Date for the Rights Issue	Friday, 15 July
Register of members re-opens	Monday, 18 July
Despatch of the Prospectus Documents	Tuesday, 19 July
Designated broker starts to stand in the market to provide matching services for odd lots of Consolidated Shares.	9:00 a.m. on Wednesday, 20 July
Original counter for trading in Consolidated Shares in new board lots of 10,000 Consolidated Shares (in the form of new share certificates) re-opens	9:00 a.m. on Wednesday, 20 July
Parallel trading in the Consolidated Shares (in the form of both existing share certificates and new share certificates) commences	9:00 a.m. on Wednesday, 20 July
First day of dealings in nil-paid Rights Shares	9:00 a.m. on Thursday, 21 July
Latest time for splitting nil-paid Rights Shares	4:30 p.m. on Monday, 25 July
Last day and time of dealings in nil-paid Rights Shares.	Close of business on Thursday, 28 July
Latest time for acceptance of and payment for the Rights Shares	4:00 p.m. on Tuesday, 2 August

EXPECTED TIMETABLE

Latest time for termination of the Underwriting Agreement 4:00 p.m. on
Friday, 5 August

Designated broker ceases to stand in the market
to provide matching services for odd lots of
Consolidated Shares Close of business on
Tuesday, 9 August

Temporary counter for trading in board
lots of 10,000 Consolidated Shares
(in the form of existing share certificates) closes Close of business on
Tuesday, 9 August

Parallel trading in Consolidated Shares
(in the form of new and existing certificates) ends Close of business on
Tuesday, 9 August

Announcement of the results of the Rights Issue Tuesday, 9 August

Despatch of certificates for fully-paid Rights Shares Wednesday, 10 August

Despatch of refund cheques if the Rights Issue is terminated Wednesday, 10 August

Expected first day of dealings in fully-paid Rights Shares 9:00 a.m. on
Thursday, 11 August

Last day of free exchange of existing certificates
for new certificates for Consolidated Shares Thursday, 11 August

All times and dates in this Circular refer to Hong Kong local times and dates. Dates or deadlines specified in the expected timetable above are indicative only and may be extended or varied by the Company. Any changes to the expected timetable will be published or notified to the Shareholders as and when appropriate.

EXPECTED TIMETABLE

Effect of bad weather on the Latest Time for Acceptance

The Latest Time for Acceptance will not take place at 4:00 p.m. on Tuesday, 2 August 2016 if there is a tropical cyclone warning signal number 8 or above, or a “black” rainstorm warning, if such circumstances are:

1. in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Latest Time for Acceptance. The Latest Time for Acceptance will not take place at 4:00 p.m. on the Latest Time for Acceptance, but will be extended to 5:00 p.m. on the same day instead; or
2. in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Latest Time for Acceptance. The Latest Time for Acceptance will not take place on the Latest Time for Acceptance, but will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance does not take place on Tuesday, 2 August 2016, the dates mentioned in the above section headed “Expected timetable” in this Circular 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:

“Announcement”	the announcement of the Company dated 23 May 2016 relating to, among other things, the proposed Share Consolidation, the proposed Change in Board Lot Size and the proposed Rights Issue
“Articles”	the articles of association of the Company (as amended from time to time)
“associate(s)”	has the meaning as ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday, Sunday, public holiday and any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Change in Board Lot Size”	the proposed change in board lot size of the Shares for trading on the Stock Exchange from 50,000 Shares to 10,000 Consolidated Shares
“Circular”	the circular of the Company dated 17 June 2016 containing, among other things, further details regarding the Share Consolidation, the Change in Board Lot Size, the Rights Issue and a notice convening the EGM despatched to the Shareholders
“Companies Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong (as amended from time to time)

DEFINITIONS

“Company”	Unity Investments Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Consolidated Share(s)”	ordinary share(s) of a par value of HK\$0.10 each in the share capital of the Company upon the Share Consolidation becoming effective
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Custodian”	Chong Hing Bank Limited (formerly known as Liu Chong Hing Bank Limited), the custodian appointed by the Company
“Custodian Agreement”	the custodian agreement dated 8 November 2005 entered into between the Company and the Custodian
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held to consider and, if thought fit, approve, among other things, the proposed Share Consolidation and the proposed Rights Issue
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors established to advise the Independent Shareholders in respect of the Rights Issue
“Independent Financial Adviser” or “Vinc Capital”	Grand Vinc Capital Limited, a wholly-owned subsidiary of Vinc Financial Group Limited (Stock code: 8340), a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

DEFINITIONS

“Independent Shareholder(s)”	any Shareholder(s) other than the Controlling Shareholders and their respective associates or, where there are no Controlling Shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, are third parties not connected with or acting in concert with any Directors, chief executive or Substantial Shareholder(s) or its subsidiaries of the Company and their respective associates
“Investment Manager” or “CES”	China Everbright Securities (HK) Limited, the investment manager appointed by the Company
“Last Trading Day”	Friday, 20 May 2016, being the last trading day for the Shares immediately prior to the date of the Announcement
“Latest Practicable Date”	14 June 2016, being the latest practicable date before the printing of this Circular for the purpose of ascertaining certain information contained herein
“Latest Time for Acceptance”	the latest time for acceptance for the Rights Shares at 4:00 p.m. on Tuesday, 2 August 2016 or such other time as may be agreed between the Company and the Underwriter
“Latest Time for Termination”	the latest time for terminating the Underwriting Agreement at 4:00 p.m. on Friday, 5 August 2016, being the third Business Day after the Latest Time for Acceptance or such later time or date as may be agreed between the Company and the Underwriter
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Memorandum”	the memorandum of association of the Company

DEFINITIONS

“Non-Qualifying Shareholder(s)”	the Overseas Shareholder(s) to whom the Directors, based on legal opinion(s) provided by the legal adviser(s) to the Company, consider it necessary or expedient not to offer the Rights Issue on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company as at the close of the business on the Record Date and whose address(es) as shown on such register is/are outside Hong Kong
“PAL”	the provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Posting Date”	Tuesday, 19 July 2016 or such other date as the Underwriter may agree in writing with the Company, as the date of despatch of the Prospectus Documents to the Qualifying Shareholders or the Prospectus for information only to the Non-Qualifying Shareholder(s)
“PRC”	the People’s Republic of China, and for the purpose of this Circular, excludes Hong Kong, the Macau Special Administration Region of the PRC and Taiwan
“Prospectus”	the prospectus to be despatched to the Shareholders on the Posting Date containing details of the Rights Issue
“Prospectus Documents”	the Prospectus and the PAL
“Qualifying Shareholder(s)”	Shareholder(s) whose name(s) is/are registered on the register of members of the Company as at the close of business on the Record Date, other than the Non-Qualifying Shareholder(s)
“Record Date”	Friday, 15 July 2016 (or such other date as may be agreed between the Company and the Underwriter), as the date by reference to which entitlements to the Rights Issue are expected to be determined

DEFINITIONS

“Registrar”	the share registrar and transfer office of the Company in Hong Kong, being Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Rights Issue”	the proposed issue by way of rights issue to the Qualifying Shareholders on the basis of two (2) Rights Shares for every one (1) Consolidated Share 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 Share(s)”	1,164,211,204 Consolidated Shares to be allotted and issued pursuant to the Rights Issue
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Consolidation”	the proposed consolidation of every five (5) issued and unissued Shares of a par value of HK\$0.02 each into one (1) Consolidated Share of a par value of HK\$0.10 each
“Share(s)”	ordinary share(s) of a par value of HK\$0.02 each in the existing share capital of the Company
“Shareholder(s)”	the holder(s) of Shares or Consolidated Shares, as the case may be
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.25 per Rights Share with par value of HK\$0.10 each
“Substantial Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	The Code on Takeovers and Mergers issued by the Securities and Futures Commission
“Underwriter” or “Suncorp Securities”	Suncorp Securities Limited, a licensed corporation to carry on businesses in Type 1 (dealing in securities) regulated activity under the SFO
“Underwriting Agreement”	the underwriting agreement dated 23 May 2016 entered into between the Company and the Underwriter in relation to the underwriting arrangement in respect of the Rights Issue

DEFINITIONS

“Underwritten Shares”	a maximum of 1,164,211,204 Rights Shares being underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States dollar, the lawful currency of the United States of America
“%” or “per cent”	percentage or per centum

TERMINATION OF THE UNDERWRITING AGREEMENT

If at any time on or before the Latest Time for Termination:

- (A) the Underwriter shall become aware of the fact that, or shall have reasonable cause to believe that any of the representations, warranties and undertakings in the Underwriting Agreement was untrue, inaccurate, misleading or breached, and in each case the same is (in the reasonable opinion of the Underwriter) material in the context of the Rights Issue; or
- (B) there shall be:
 - (i) any new law or regulation is enacted, or there is any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority, whether in Hong Kong or elsewhere;
 - (ii) any change in local, national or international financial, political, industrial or economic conditions;
 - (iii) any change of an exceptional nature in local, national or international equity securities or currency markets;
 - (iv) any local, national or international outbreak or escalation of hostilities, insurrection or armed conflict;
 - (v) any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange;
 - (vi) any suspension in the trading of the Shares on the Stock Exchange for a continuous period of 10 trading days (as defined in the Listing Rules); or
 - (vii) any change or development involving a prospective change in taxation or exchange controls in Hong Kong or elsewhere;

which is or are, in the reasonable opinion of the Underwriter:

- (a) likely to have a material adverse effect on the business, financial position or prospects of the Group taken as a whole; or
- (b) likely to have a material adverse effect on the success of the Rights Issue or the level of Rights Shares to be taken up; or
- (c) so material as to make it inappropriate, inadvisable or inexpedient to proceed further with the Rights Issue,

then the Underwriter may, by notice in writing given to the Company on or before the Latest Time for Termination, rescind the Underwriting Agreement and thereupon all obligations of the Underwriter hereunder shall cease and determine and no party shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement (save for any antecedent breaches hereof) and the Rights Issue shall not proceed.

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. Ng Chi Hoi (*Chairman and
Chief Executive Officer*)

Ms. Shum Kit Lan Anita

Independent non-executive Directors:

Mr. Hung Cho Sing

Mr. Chan Yik Pun

Ms. Chung Fai Chun

Registered office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Headquarter and Principal Place of

Business in Hong Kong:

19/F, Yat Chau Building

262 Des Voeux Road Central

Hong Kong

17 June 2016

*To the Qualifying Shareholders and for information purposes only,
to the Non-Qualifying Shareholders*

Dear Madam/Sir,

**I. PROPOSED SHARE CONSOLIDATION;
II. PROPOSED CHANGE IN BOARD LOT SIZE;
III. PROPOSED RIGHTS ISSUE ON THE BASIS OF
TWO (2) RIGHTS SHARES FOR EVERY ONE (1) CONSOLIDATED SHARE
HELD ON THE RECORD DATE AT THE SUBSCRIPTION PRICE
OF HK\$0.25 PER RIGHTS SHARE; AND
IV. NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the Announcement in relation to, among other things, the proposed Share Consolidation, the proposed Change in Board Lot Size and the proposed Rights Issue.

The Company has established the Independent Board Committee to advise the Independent Shareholders as to, among others, (i) whether the Rights Issue (including the Underwriting Agreement) is fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (ii) voting by the Independent Shareholders, taking into account the recommendations of the Independent Financial Adviser. In connection with this, the

LETTER FROM THE BOARD

Company has appointed, and the Independent Board Committee has approved the appointment of, Vinco Capital as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to: (i) whether the terms of the Rights Issue (including the Underwriting Agreement) are fair and reasonable; and (ii) voting by the Independent Shareholders.

The purpose of this Circular is to provide the Shareholders, among other things, (i) further details of the Share Consolidation, the Change in Board Lot Size and the Rights Issue; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue; and (iv) the notice convening the EGM.

I. THE PROPOSED SHARE CONSOLIDATION

The Board proposes to put forward to the Shareholders a proposal to effect the proposed Share Consolidation whereby every five (5) issued and unissued Shares of a par value of HK\$0.02 each will be consolidated into one (1) Consolidated Share of a par value of HK\$0.10 each.

Conditions of the Share Consolidation

The Share Consolidation is conditional upon: (i) passing of the relevant resolution(s) to approve the Share Consolidation by the Shareholders by way of poll at the EGM; and (ii) the Listing Committee granting approval to the listing of, and permission to deal in, the Consolidated Shares.

The Share Consolidation will become effective on the next Business Day immediately following the fulfillment of the above conditions.

Effect of the Share Consolidation

As at the Latest Practicable Date, the authorised share capital of the Company is HK\$2,000,000,000 divided into 100,000,000,000 Shares of HK\$0.02 each, of which 2,910,528,010 Shares are in issue. Assuming that no further Shares are issued or repurchased between the Latest Practicable Date and the date of the EGM, immediately after the proposed Share Consolidation becoming effective, the authorised share capital of the Company will become HK\$2,000,000,000 divided into 20,000,000,000 Consolidated Shares of HK\$0.10 each, of which 582,105,602 Consolidated Shares will be in issue following the Share Consolidation but before the completion of the Rights Issue.

Upon the Share Consolidation becoming effective, the Consolidated Shares will rank *pari passu* in respects with each other. Any fractional Consolidated Shares to which an individual Shareholder is entitled to will not be issued by the Company to such Shareholder, but will be aggregated, sold and retained for the benefit of the Company.

LETTER FROM THE BOARD

Other than the relevant expenses, including but not limited to professional fees and printing charges incurred, the implementation of the Share Consolidation will have no effect on the consolidated net asset value of the Group, nor will it alter the underlying assets, business, operations, management or financial position of the Company or the interests of the Shareholders, save that any fractional Consolidated Shares will not be allocated to Shareholders who may otherwise be entitled. The Directors believe that the Share Consolidation will not have any material adverse effect on the financial position of the Group.

Reasons for and benefits of the Share Consolidation

The Share Consolidation will increase the trading price per board lot of the Shares, which will reduce the overall transaction and handling costs of dealings in the Shares. With a higher trading price of the Consolidated Shares and reduction of the transaction and handling costs as a proportion of the market value of each board lot, the Company believes that the Share Consolidation will make investing in Shares more attractive to a broader range of institutional and professional investors and other members of the investing public. The Board also believes that the Share Consolidation may attract more investors and extend the Shareholders' base of the Company. In view of the above, the Board considers that the Share Consolidation is in the interests of the Company and the Shareholders as a whole.

Listing and dealings

An application will be made to the Listing Division of the Stock Exchange for the granting of the listing of, and permission to deal in, the Consolidated Shares in issue and to be issued upon the Share Consolidation becoming effective.

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

None of the Shares are listed or dealt in on any other stock exchange other than the Stock Exchange, and at the time the Share Consolidation becoming effective, the Consolidated Shares in issue will not be listed or dealt in on any other stock exchange other than the Stock Exchange, and on such listing or permission to deal in is being or is proposed to be sought.

Free exchange of Consolidated Shares' certificates and trading arrangement

Subject to the Share Consolidation becoming effective, which is expected to be on Wednesday, 6 July 2016, Shareholders may, during a period from Wednesday, 6 July 2016 to Thursday, 11 August 2016, submit share certificates for the existing Shares (in brown colour) to the Registrar for exchange, at the expense of the Company, for new certificates (in

LETTER FROM THE BOARD

pink colour) for the Consolidated Shares. Thereafter, each share certificate for the existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may be from time to time be specified by the Stock Exchange) for each new share certificate issued for the Consolidated Shares or each share certificate for the existing Shares submitted for cancellation, whichever the number of certificates issued or cancelled is higher.

Nevertheless, the share certificates for the existing Shares will continue to be good evidence of legal title and may be exchanged for new share certificates for the Consolidated Shares at any time but are not acceptance for trading, settlement and registration upon completion of the Share Consolidation.

Odd lots arrangement and matching services

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares, the Company has appointed Suncorp Securities as a designated broker to provide matching services for sale and purchase of odd lots of Consolidated Shares at the relevant market price per Consolidated Share for Shareholders, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares from 9:00 a.m. on Wednesday, 20 July 2016 to close of business on Tuesday, 9 August 2016 (both dates inclusive). Holders of odd lots of the Consolidated Shares may contact Mr. Sam Wong at Room 3616, 36/F, Cosco Tower, 183 Queen's Road Central, Hong Kong (telephone: (852) 3899 1828 and facsimile: (852) 3899 1888) during office hours of such period. Holders of odd lots of the Consolidated Shares should note that successful matching of the sale and purchase of odd lots of the Consolidated Shares are not guaranteed. Any Shareholder who is in any doubt about the odd lots arrangement, is recommended to consult his/her/its own professional advisers.

II. THE PROPOSED CHANGE IN BOARD LOT SIZE

As at the Latest Practicable Date, the Shares are traded in board lots of 50,000 Shares. The Company proposes to change the board lot size for trading on the Stock Exchange from 50,000 Shares to 10,000 Consolidated Shares conditional upon the Share Consolidation becoming effective.

Based on the closing price of HK\$0.067 per Share (equivalent to the theoretical closing price of HK\$0.335 per Consolidated Share) as at the Last Trading Day, (i) the value of each board lot of 50,000 Consolidated Shares would be HK\$16,750 assuming the Share Consolidation becoming effective; and (ii) the estimated market value per board lot of 10,000 Consolidated Shares would be HK\$3,350 assuming that the Change in Board Lot Size had also been effective. Based on the theoretical ex-rights price of approximately HK\$0.278 per Share (calculated based on the closing price of HK\$0.067 per Share (equivalent to the theoretical closing price of HK\$0.335 per Consolidated Share) as at the Last Trading Day), the market value of each existing board lot is HK\$13,900 and the estimated market value of each proposed new board lot is HK\$2,780.

The Change in Board Lot Size will not result in change in the relative rights of the Shareholders. The Directors consider that the Change in Board Lot Size is expected to bring possible increase in the liquidity of the trading of the Consolidated Shares on the Stock Exchange.

LETTER FROM THE BOARD

To alleviate the difficulties in trading odd lots of the Shares arising from the Change in Board Lot Size of the Shares, the Company will arrange odd lot matching services during Wednesday, 20 July 2016 to Tuesday, 9 August 2016 (both dates inclusive). Shareholders should note that matching of the sale and purchase of odd lots of the Shares is on a best effort basis and successful matching of the sale and purchase of such odd lots is not guaranteed.

III. THE PROPOSED RIGHTS ISSUE

The Company proposes to raise HK\$291.05 million, before expenses, by way of Rights Issue and details are set out as follows:

Basis of the Rights Issue:	Two (2) Rights Shares for every one (1) Consolidated Share held on the Record Date
Subscription Price:	HK\$0.25 per Rights Share
Number of Shares in issue as at the Latest Practicable Date:	2,910,528,010 Shares
Number of Consolidated Shares in issue immediately after the Share Consolidation becoming effective but before the completion of the Rights Issue:	582,105,602 Consolidated Shares (assuming no further Shares being issued and/or repurchased by the Company up to the effective date of the Share Consolidation)
Number of Rights Shares:	1,164,211,204 Rights Shares (assuming no new Share or Consolidated Share being issued and/or repurchased by the Company on or before the Record Date) The aggregate nominal value of the Rights Shares is HK\$116,421,120.40
Number of Rights Shares underwritten by the Underwriter:	1,164,211,204 Rights Shares (assuming no new Share or Consolidated Share being issued and/or repurchased by the Company on or before the Record Date)
Number of enlarged Consolidated Shares in issue upon completion of the Rights Issue:	1,746,316,806 Consolidated Shares (assuming no new Share or Consolidated Share being issued and/or repurchased by the Company on or before the Record Date)

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

The Rights Issue is fully underwritten by the Underwriter, who shall ensure that the Company will maintain the minimum public float requirement in compliance with Rule 8.08 of the Listing Rules.

The Rights Shares

Assuming no new Share or Consolidated Share being issued and/or repurchased by the Company on or before the Record Date, 1,164,211,204 Rights Shares will be issued and allotted representing: (i) approximately 200% of the issued share capital of the Company immediately after the Share Consolidation becoming effective but before the completion of the Rights Issue; and (ii) approximately 66.7% of the issued share capital of the Company as enlarged by the Rights Shares immediately after completion of the Rights Issue.

The unaudited consolidated net assets value of the Group as at 31 December 2015 immediately after the Share Consolidation becoming effective but before the completion of the Rights Issue was approximately HK\$1.79 per Share. Assuming no new Share or Consolidated Share being issued and/or repurchased by the Company on or before the Record Date, the unaudited pro forma adjusted consolidated net assets value of the Group as at 31 December 2015 immediately after the completion of the Rights Issue was approximately HK\$0.76 per Share, representing the possible maximum dilution effect to the net assets value of the Group per Share of approximately 57.54%.

Subscription Price

The Subscription Price of HK\$0.25 per Rights Share will be payable in full upon application by a Qualifying Shareholder. The Subscription Price represents:

- (a) a discount of approximately 25.37% to the adjusted closing price of HK\$0.335 per Consolidated Share (calculated 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 Share Consolidation);
- (b) a discount of approximately 28.57% to the adjusted average closing price of approximately HK\$0.350 per Consolidated Share (calculated based on the closing price of HK\$0.070 per Share as quoted on the Stock Exchange for the last 5 consecutive trading days up to and including the Last Trading Day and adjusted for the effect of the Share Consolidation);
- (c) a discount of approximately 31.51% to the adjusted average closing price of approximately HK\$0.365 per Consolidated Share (calculated based on the closing price of HK\$0.073 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day and adjusted for the effect of the Share Consolidation);

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- (d) a discount of approximately 10.07% to the theoretical ex-rights price (assuming no new Share or Consolidated Share being issued and/or repurchased by the Company from the Latest Practicable Date up to the Record Date) of approximately HK\$0.278 per Consolidated Share based on the adjusted closing price of HK\$0.335 per Consolidated Share (calculated 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 Share Consolidation);
- (e) a discount of approximately 1.96% to the adjusted closing price of HK\$0.255 per Consolidated Share (calculated based on the closing price of HK\$0.051 per Share as quoted on the Stock Exchange on the Latest Practicable Date and adjusted for the effect of the Share Consolidation); and
- (f) a discount of approximately 27.54% to the unaudited net asset value per Share of approximately HK\$0.345 as at 31 May 2016.

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter with reference to, among other things, the market price of the Shares under the prevailing market conditions and the financial position of the Group. As all Qualifying Shareholders will be provisionally allotted the Rights Shares in the same proportion to his/her/its existing shareholding in the Company held on the Record Date, the Directors (excluding the independent non-executive Directors) consider that the discount of the Subscription Price would encourage the Qualifying Shareholders to take up their provisional allotments so as to maintain their shareholdings in the Company and participate in the future growth of the Group. The Directors (excluding the independent non-executive Directors) consider that the Subscription Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Given that the discount of the Subscription Price and the basis of two (2) Rights Shares for every one (1) Consolidated Share: (i) can provide an incentive for the Qualifying Shareholders to take up the Rights Shares to which they are provisionally allotted as the Company has funding needs; and (ii) can induce the Underwriter to participate in the underwriting of the Underwritten Shares, the Directors are of the view that the current structure of the Rights Issue is fair and reasonable. The net price per Rights Share after deducting the relevant expenses of the Rights Issue will be approximately HK\$0.24.

In addition, the Board considered and noted that the discount structure of the Rights Issue is a commercial decision of the Company which is required to be approved, as part of the terms of the Rights Issue, by the Independent Shareholders at the EGM. The Shareholders' interests are safeguarded by the fact that the Independent Shareholders, before exercising their respective voting rights, will be advised by the Independent Board Committee (comprising all independent non-executive Directors) and the Independent Financial Adviser. The Independent Shareholders can then make an informed decision as to whether to vote in favour of the Rights Issue on the terms proposed. If the Rights Issue is approved at the EGM, it is unlikely that those Independent Shareholders voting in favour of the Rights Issue would subsequently choose not to subscribe for their provisional allotments of the Rights Issue.

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The Directors have approached three other underwriters regarding a proposed rights issue for the Company to raise the required funds, however no positive feedback was received by the other three underwriters. The Directors have considered, among other factors: (i) the terms of the rights issue proposed by the underwriters; and (ii) the terms of the underwriting agreement including but not limited to the underwriting commission, in selecting the underwriter.

Having considered, among other factors: (i) the funding needs of the Company; (ii) each Qualifying Shareholder will be provisionally allotted the Rights Shares in proportion to his/her/its shareholding held on the Record Date; (iii) the structure of the Rights Issue is required to be approved by the Independent Shareholders at the EGM; and (iv) the terms of the rights issue proposed by other underwriters, the Directors are of the view that the terms of the Rights Issue are fair and reasonable and in the interests of the Shareholders despite: (i) the potential dilution impact on those Qualifying Shareholders who do not take up the Rights Shares to which they are provisionally allotted; and (ii) the discount of the Subscription Price to the Company's net asset value per Share with reference to the rights issue exercises of other companies listed on the Stock Exchange.

Basis of provisional allotment

The basis of the provisional allotment shall be two (2) Rights Shares for every one (1) Consolidated Share held on the Record Date, being 1,164,211,204 Rights Shares. 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 with the Registrar by the Latest Time for Acceptance.

Conditions of the Rights Issue

The Rights Issue is conditional upon the fulfillment of the following conditions:

- (a) the Share Consolidation becoming effective;
- (b) the passing by the Independent Shareholders at the EGM of the necessary resolution(s) approving, among others, the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder, including but not limited to the allotment and issue of the Rights Shares;
- (c) the delivery to the Stock Exchange and registration with the Registrar of Companies in Hong Kong respectively one duly certified copy of each of the Prospectus Documents (and all other documents required to be attached thereto) not later than the Posting Date and in compliance with the Listing Rules and the Companies Ordinance;
- (d) the posting of the Prospectus Documents to the Qualifying Shareholders;
- (e) the Listing Committee granting or agreeing to grant (subject to allotment), and not having revoked, listing of, and permission to deal in the Rights Shares, in nil-paid and fully-paid forms;

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- (f) compliance with and performance of all the undertakings and obligations by the Company under the terms of the Underwriting Agreement;

and that in the event of the above conditions not being fulfilled on or before the Latest Time of Termination (or such later date or dates as may be agreed between the Company and the Underwriter) or if the Underwriting Agreement shall be terminated pursuant to section headed “TERMINATION AND FORCE MAJEURE” in the Underwriting Agreement, all obligations and liabilities of the parties hereunder shall forthwith cease and determine and no party shall have any claim against the other (save for any antecedent breaches hereof).

As at the Latest Practicable Date, none of the above conditions have been fulfilled.

Qualifying Shareholders

The Rights Issue will only be available to the Qualifying Shareholders. The Company will send the Prospectus Documents to the Qualifying Shareholders and the Prospectus, for information only, to the Non-Qualifying Shareholders.

To qualify for the Rights Issue, the Shareholders must at the close of business on the Record Date: (a) be registered on the register of members of the Company; and (b) not being the Non-Qualifying Shareholders.

Shareholders whose Shares are held by nominee companies should note that the Board will regard a nominee company as a single Shareholder according to the register of members of the Company. Shareholders with their Shares held by nominee companies are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

In order to be registered as a member of the Company on the Record Date, Shareholders must lodge any transfers of the Shares or Consolidated Shares (together with the relevant share certificates) with the Company’s share registrar in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong by no later than 4:30 p.m. on Friday, 8 July 2016.

Closure of register of members

The Company’s register of members will be closed for registration of transfer of Consolidated Shares from Monday, 11 July 2016 to Friday, 15 July 2016, both dates inclusive, for the purpose of, among other things, determining the eligibility for the Rights Issue. No transfer of Consolidated Shares will be registered during the book closure 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.

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According to the register of members of the Company as at the Latest Practicable Date, there were 240 Overseas Shareholders whose registered addresses are in the PRC and Macau, representing approximately 0.57% of the total issued Shares as at the Latest Practicable Date. In compliance with Rule 13.36 of the Listing Rules, the Company will make enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders. If, based on legal advice, the Directors consider that it is necessary or expedient not to issue the Rights Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, the Rights Issue will not be available to such Overseas Shareholders. Accordingly, the Rights Issue will not be extended to the Non-Qualifying 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 on the Posting Date. The Company will send copies of the Prospectus to the Non-Qualifying Shareholders for their information only, but will not send any PAL to them.

The Company shall provisionally allot the Rights Shares which represent the entitlements of the Non-Qualifying Shareholders to a nominee of the Company in nil-paid form and the Company shall procure that such nominee shall endeavour to sell the rights as soon as practicable after dealings in nil-paid Rights Shares commence and in any event on or before the last day of dealings in nil-paid Rights Shares at a net premium (nil-paid). If and to the extent that such rights can be so sold, the nominee of the Company shall account to the Company for the net proceeds of sale (after deducting the expenses of sale, if any), which shall be distributed by the Company in Hong Kong dollars to the Non-Qualifying Shareholders pro rata provided that rounded down amounts of less than HK\$100 shall not be so distributed but shall be retained for the benefit of the Company. Any of such nil-paid rights which are not sold as aforesaid will be dealt with as Rights Shares not taken up.

Those Qualifying Shareholders who do not take up the Rights Shares to which they are provisionally allotted and the Non-Qualifying Shareholders should note that their shareholdings in the Company will be diluted upon completion of the Rights Issue.

Ranking of the Rights Shares

The Rights Shares, when allotted, issued and fully-paid, will rank *pari passu* in all respects with the Consolidated 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 with a record date which falls on or after the date of allotment and issue of the Rights Shares. Dealings in the Rights Shares, which are registered in the register of members of the Company in Hong Kong, will be subject to payment of stamp duty and other applicable fees and charges in Hong Kong.

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No application for excess Rights Shares

Considering that the Rights Issue will give the Qualifying Shareholders an equal and fair opportunity to maintain their respective pro rata shareholding interests in the Company, if application for excess Rights Shares is arranged, the Company will be required to put in additional effort and costs to administer the excess application procedures. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, it is expected that additional printing and share registrar costs of approximately HK\$300,000 would be incurred if application for excess Rights Shares is arranged. However, such additional costs do not include the costs associated with administration of excess application and drafting of the excess application forms which the Directors consider to be difficult to quantify. Besides, there will be a period for trading of nil-paid Rights Shares on the Stock Exchange. Shareholders who are interested in obtaining the Rights Shares, in addition to the Rights Shares to be provisionally allotted to them, could purchase nil-paid Rights Shares from other Shareholders who do not, and will not, subscribe for their Rights Shares which they are provisionally allotted.

In addition, the excess application mechanism may be abused by the Qualifying Shareholders by splitting their shareholdings into odd lots to enable them to submit multiple top-up applications and be possibly allocated more excess Rights Shares, which is not considered to be fair and equitable. In addition, the excess application mechanism may result in an unexpected introduction of a new Substantial Shareholder or Controlling Shareholder to the Company which may cast uncertainties on the Company's future direction and may not be in the interests of the Company and the Shareholders as a whole.

In light of the above and that the Independent Shareholders are given the opportunity to express their view on the terms of the Rights Issue (including no application for excess Rights Shares) through their votes at the EGM, the Board believes that it is fair and reasonable and in the interests of the Company and the Shareholders as a whole not to offer any excess application to the Qualifying Shareholders.

Fractions of Rights Shares

On the basis of two (2) Rights Shares for every one (1) Consolidated Share held on the Record Date, no fractional allotments to the Rights Shares will arise under the Rights Issue.

Share certificates and refund cheques for the Rights Shares

Subject to the fulfillment of the conditions of the Rights Issue, share certificates for all Rights Shares are expected to be posted to the Qualifying Shareholders who have accepted and applied for and paid for the Rights Shares on or before Wednesday, 10 August 2016 by ordinary post at their own risk. If the Rights Issue is terminated, refund cheques will be posted on or before Wednesday, 10 August 2016 by ordinary post at the respective Shareholders' own risk.

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Taxation

Qualifying Shareholders are recommended to consult their professional advisers 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 nil-paid rights 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 the 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).

Application for the Rights Shares

The PAL in respect of the Rights Shares will be enclosed with the Prospectus entitling the Qualifying Shareholders to whom it is addressed to subscribe for the Rights Shares as shown therein by completing such form and lodging the same with a remittance for the Rights Shares being taken up with the Registrar by the Latest Time for Acceptance.

Application for listing of the Rights Shares

The Company will apply to the Listing Committee for the listing of and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms. Dealings in the Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange will be subject to the payment of stamp duty (if any) in Hong Kong and any other applicable fees and charges in Hong Kong.

Subject to the granting of the approval for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange, the Rights Shares in both nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Rights Shares in both nil-paid and fully-paid forms 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.

All necessary arrangements will be made to enable the Rights Shares to be admitted into CCASS. No part of the securities of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any other stock exchange.

Qualifying Shareholders who do not take up the Rights Shares to which they are provisionally allotted should note that their shareholdings in the Company will be diluted.

Reasons for the Rights Issue and the use of proceeds

The Company is an investment company under Chapter 21 of the Listing Rules with the primary objective of achieving earnings in the form of medium-term to long-term capital appreciation by investing in listed and unlisted companies in Hong Kong, PRC and other main

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markets around the world. Owing to the nature of the Group's business which is investment, the Group 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.

The Directors are of the view that the proceeds of the Rights Issue will: (i) increase the fund size of the Company, which is practical and efficient in terms of economies of scale when making investments; (ii) strengthen the cash position of the Group; and (iii) will enable the Group to be in a more advantageous position to promptly capture potential investment opportunities when they arise.

Based on the consolidated financial information of the Group for the financial years ended 31 December 2014 and 2015, as extracted from the annual reports of the Company, the profit attributable to equity holders of the Company was approximately HK\$267.91 million and approximately HK\$112.69 million respectively, therefore recorded profitable performance for two consecutive years.

The Board considers that it is the intention of the Group to expand its portfolio and the Group's current financial position is not sufficient for the Group to seize future investment opportunities which may arise any time for expanding its investment portfolios and business without additional funding. Therefore, the Board are of the view that the Rights Issue will enable the Group to strengthen its capital base and enhance its financial position for future strategic investments. Furthermore, the Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and participate in the growth and development of the Company. Accordingly, the Directors are of the view that fund raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole. However, those Qualifying Shareholders who do not take up the Rights Shares to which they are provisionally allotted should note that their shareholdings in the Company will be diluted.

The gross proceeds of the Rights Issue will be approximately HK\$291.05 million, before expenses, assuming no further Shares or Consolidated Shares being issued and/or repurchased by the Company on or before the Record Date. The estimated net proceeds of the Rights Issue will be approximately HK\$280.05 million. The net price per Rights Share after deducting the relating expenses of Rights Issue will be approximately HK\$0.24.

The Company intends to apply such net proceeds from the Rights Issue in the following manner:

1. approximately HK\$270.00 million for investment in listed securities in various industries including but not limited to natural resources, industrial, health and pharmaceutical, forestry, retail, communication technology, media, online and mobile game businesses, financial institutions, software and information technology, and manufacture of juvenile and infant products;

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2. approximately HK\$10.05 million for general working capital of the Group for the coming two years.

Other fund raising alternatives

The Board has considered other fund raising alternatives before resolving to the Rights Issue, including but not limited to debt financing, placing of new Shares and open offer.

Debt financing or bank loans would result in additional interest burden to and higher gearing ratio of the Group. The Company has attempted to obtain loan financing from its three principal bankers for financing its principal business, however, those bankers indicated that it was unlikely for the Company to obtain loan financing from them without any asset pledge or at favourable terms. Therefore, given the fund raising size and the business scale of the Company, the Directors consider that it will not be feasible for the Company to obtain the required amount from bank financing at favourable terms.

Placing of new Shares would only be available to certain placees who were not necessarily the existing Shareholders and would dilute the shareholding of the existing Shareholders.

Although an open offer is similar to a rights issue, an open offer would not provide an additional option to those Qualifying Shareholders who do not wish to take up their allotments to sell their provisionally allotted nil-paid Rights Shares. Furthermore, those Qualifying Shareholders who wish to increase their shareholding interests in the Company cannot acquire additional nil-paid Rights Shares in the market in the case of an open offer.

The Board considers that the Rights Issue is in the interest of the Company and the Shareholders as a whole as: (i) Qualifying Shareholders have the option to subscribe the Rights Shares at their sole discretion; (ii) Qualifying Shareholders who do not take up their allotments can sell the nil-paid Rights Shares in the market; and (iii) the Rights Issue offers all the Qualifying Shareholders an equal opportunity to participate in the enlarged capital base of the Company and enables the Qualifying Shareholders to maintain their proportionate interests in the Company and continue to participate in the future development of the Company should they wish to do so.

Having considered and evaluated that all Qualifying Shareholders can have an equal opportunity to maintain their interests in the Company and that the Rights Issue will not increase the future finance costs of the Group, the Directors are of the view that raising funds by way of the Rights Issue is a better option over the other alternative fund-raising methods as set out above.

In view of the above, the Directors (excluding the independent non-executive Directors who will give their view on the Rights Issue after taking into account the advice of the Independent Financial Adviser) consider that the Rights Issue to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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Underwriting Agreement

Underwriting Agreement Date:	23 May 2016 (after trading hours)
Underwriter:	Suncorp Securities
Number of Rights Shares to be underwritten:	1,164,211,204 Rights Shares (assuming no new Shares or Consolidated Shares being issued and/or repurchased by the Company on or before the Record Date)

Under the Underwriting Agreement, the Rights Issue is fully underwritten by the Underwriter and the Underwriter shall procure that any subscribers procured by them shall be Independent Third Parties and shall not become Substantial Shareholders holding 10% or more shareholding in the Company immediately after completion of the Rights Issue.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Underwriter and their ultimate beneficial owners are Independent Third Parties. As at the date of the Underwriting Agreement, the Underwriter is not interested in any Shares.

As at the Latest Practicable Date, the Board had not received any information or irrevocable undertaking from its Substantial Shareholders of its intention to take up its assured entitlements under the Rights Issue.

Underwriting commission

The Company will pay the Underwriter an underwriting commission of 1.5% of the aggregate Subscription Price in respect of the maximum number of the underwritten Rights Shares agreed to be underwritten by the Underwriters as determined on the Record Date. The commission rate was determined after arm's length negotiation between the Company and the Underwriter by reference to the market rate, the size of the Rights Issue and the current and expected market condition. The Directors (including the independent non-executive Directors) are of the view that the terms of the Underwriting Agreement, including the commission, accord with the market practice, and are fair and reasonable so far as the Company and the Shareholders are concerned.

Conditions of the Underwriting Agreement

The conditions of the Underwriting Agreement have been set out in the section headed "Proposed Rights Issue – Conditions of the Rights Issue" above.

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SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structures of the Company: (i) as at the Latest Practicable Date; (ii) immediately after the Share Consolidation becoming effective but before completion of the Rights Issue; and (iii) immediately after completion of the Rights Issue:

	As at the Latest Practicable Date		Immediately after the Share Consolidation becoming effective but before completion of the Rights Issue		Immediately after completion of the Rights Issue			
					Assuming all the Rights Shares are subscribed for by the Qualifying Shareholders		Assuming none of the Rights Shares are subscribed for by the Qualifying Shareholders	
	No. of Shares	Approximate %	No. of Consolidated Shares	Approximate %	No. of Consolidated Shares	Approximate %	No. of Consolidated Shares	Approximate %
Underwriter (Note 1)	-	-	-	-	-	-	1,164,211,204	66.7%
Public Shareholders	2,910,528,010	100.00%	582,105,602	100.00%	1,746,316,806	100.00%	582,105,602	33.3%
	<u>2,910,528,010</u>	<u>100.00%</u>	<u>582,105,602</u>	<u>100.00%</u>	<u>1,746,316,806</u>	<u>100.00%</u>	<u>1,746,316,806</u>	<u>100.00%</u>

Notes:

- Pursuant to the Underwriting Agreement, the Underwriter shall enter into sub-underwriting agreements such that none of the Underwriter and the sub-underwriters (together with parties acting in concert with each of them) will hold 10% or more of the issued share capital of the Company immediately after completion of the Rights Issue.
- The Underwriter irrevocably undertakes to the Company that if the Underwriter or any of the sub-underwriter is required to take up the Rights Shares pursuant to their underwriting/sub-underwriting obligations:
 - the Underwriter will not trigger a mandatory offer obligation under Rule 26 of Takeovers Code on the part of the Underwriter in respect of performing its obligations hereunder;
 - the Underwriter shall and shall cause the sub-underwriter to procure subscribers independent of the Company and its connected persons to take up such number of Rights Shares as may be necessary to ensure that the public float requirements under the Listing Rules are complied with;
 - none of the persons to be procured by the Underwriter to subscribe for the untaken Underwritten Shares will be holding 10% or more of the total issued shares of the Company immediately after completion of the Rights Issue; and
 - the Underwriter shall use its reasonable endeavours to ensure that the subscribers for the untaken Underwritten Shares are independent of and not connected with the Company and its connected persons and are not a party acting in concert with each other.
- The table shown above is for illustrative purpose only.

As at the Latest Practicable Date, the existing public Shareholders hold as to approximately 100.00% of the entire issued share capital of the Company. Upon completion of the Rights Issue (assuming none of the Rights Shares are subscribed by the Qualifying Shareholders), the existing public Shareholders hold as to 33.3% of the entire enlarged issued share capital of the Company.

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Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and the Non-Qualifying Shareholders should note that their shareholdings in the Company will be diluted upon completion of the Rights Issue. The possible maximum dilution to shareholdings of those Qualifying Shareholders who do not subscribe to the Rights Issue is approximately 66.7%.

As discussed with the Underwriter, in the event that there is insufficient public float of the Company within the meaning of the Listing Rules immediately upon completion of the Rights Issue solely because of the Underwriter's performance of its obligations pursuant to the Underwriting Agreement, the Underwriter undertakes with the Company to take appropriate steps that: (i) it shall use all reasonable endeavours to provide that each of the subscribers or purchasers of Underwritten Shares procured by it shall be Independent Third Parties; (ii) the Underwriter will enter into sub-underwriting agreements such that none of the Underwriter and the sub-underwriters (together with parties acting in concert with each of them) will hold 10% or more of the issued share capital of the Company immediately after the Rights Issue; and (iii) the Underwriter shall and shall cause the sub-underwriters to procure independent placees to take up such number of Rights Shares as necessary to ensure that the public float requirements under Rule 8.08 of the Listing Rules are complied with immediately after the completion of the Rights Issue.

As shown in the table above, in the event that none of the Rights Shares are subscribed for by the Qualifying Shareholders, at least 25% of the total issued share capital of the Company will be held by public under all circumstances upon completion of the Rights Issue. To the extent that the Underwriter subsequently enters into any sub-underwriting arrangements, the Underwriter shall use its best endeavours to ensure that each subscriber and/or sub-underwriter is an Independent Third Party and will not hold more than 10% of the equity interest and voting rights in the Company upon completion of the Rights Issue.

FUND RAISING EXERCISES OF THE COMPANY IN THE PAST 12 MONTHS

The Company has not carried out any fund raising exercises in the past twelve months immediately preceding the Latest Practicable Date.

As at the Latest Practicable Date and to the best of the Directors' knowledge, information and belief, the Company is not considering any equity fund raising exercise during the next 12 months from the Latest Practicable Date. To the best of the Directors' knowledge, information and belief, the proceeds from Rights Issue and the internal funding of the Company can satisfy the Company's expected funding needs for the next 12 months from the Latest Practicable Date.

LISTING RULES IMPLICATIONS

Since the Rights Issue will increase the issued share capital of the Company by more than 50%, in accordance with Rule 7.24(5) of the Listing Rules, the Rights Issue must be made conditional on, amongst other things, the approval by the Independent Shareholders at which any Controlling Shareholders and their respective associates or, where there are no Controlling

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Shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company, and their respective associates shall abstain from voting in favour of the Rights Issue. As at the Latest Practicable Date, since there is no Controlling Shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company, and their respective associates shall abstain from voting in favour of the Rights Issue in accordance with Rule 7.24(5) of the Listing Rules.

GENERAL

As the Rights Issue will increase the issued share capital of the Company by more than 50%, the Rights Issue is subject to, among other things, the approval by the Independent Shareholders at the EGM. An Independent Board Committee, comprising Mr. Hung Cho Sing, Mr. Chan Yik Pun and Ms. Chung Fai Chun, all being the independent non-executive Directors, has been appointed to make recommendations to the Independent Shareholders in respect of the Rights Issue. Vinco Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A notice convening the EGM is set out on pages EGM-1 to EGM-3 of this Circular. The EGM will be held for the Shareholders and the Independent Shareholders (as the case may be) to consider, and if thought fit, to approve, among other things, the proposed Share Consolidation and the proposed Rights Issue.

A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM in person, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the share registrar and transfer office of the Company in Hong Kong, being Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not later than 48 hours before the time appointed for holding of the EGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so wish and in such event, the proxy shall be deemed to be revoked.

Upon approval of the Rights Issue by the Independent Shareholders at the EGM and the Share Consolidation as well as the Change in Board Lot Size becoming effective, the Prospectus Documents setting out details of the Rights Issue will be despatched to the Qualifying Shareholders as soon as practicable and the Prospectus will be despatched to the Non-Qualifying Shareholders for information only.

Warning of the risks of dealing in Shares, Consolidated Shares and nil-paid Rights Shares

Shareholders and potential investors should note that the Rights Issue is conditional upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Rights Issue may or may not proceed. Shareholders and potential investors should exercise extreme caution when dealing in the Shares or the Consolidated Shares, and if they are in any doubt about their position, they should consult their professional advisers.

LETTER FROM THE BOARD

Shareholders should note that the Consolidated Shares will be dealt in on an ex-rights basis commencing from Thursday, 7 July 2016 and that dealings in the Rights Shares in the nil-paid form will take place while the conditions to which the Underwriting Agreement is subject to remain unfulfilled. Any Shareholder or other person dealings in Consolidated Shares and/or nil-paid Rights Shares up to the date on which all conditions to which the Rights Issue is subject to are fulfilled (which is expected to be at 4:00 p.m. on Friday, 5 August 2016), will accordingly bear the risk that the Rights Issue cannot become unconditional and may not proceed. Any Shareholder or other person contemplating to sell or purchase any Shares, Consolidated Shares and/or nil-paid Rights Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional adviser.

RECOMMENDATION

In relation to the Rights Issue, your attention is drawn to, and you are advised to read carefully, the letter from the Independent Board Committee and the letter from the Independent Financial Adviser set out on pages 31 to 32 and pages 33 to 54 respectively of this Circular.

The Directors (including the Independent Board Committee, which has taken into account the advice of the Independent Financial Adviser) consider 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 Directors (including the independent non-executive Directors, which have taken into account the advice of the Independent Financial Adviser) recommend the Independent Shareholders to vote in favour of the proposed resolution approving the Rights Issue at the EGM.

ADDITIONAL INFORMATION

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

Yours faithfully,
By order of the Board
Unity Investments Holdings Limited
Ng Chi Hoi
Chairman and Chief Executive Officer

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to 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)

17 June 2016

To the Independent Shareholders

Dear Sir and Madam,

**PROPOSED RIGHTS ISSUE ON THE BASIS OF
TWO (2) RIGHTS SHARES FOR EVERY ONE (1) CONSOLIDATED SHARE
HELD ON THE RECORD DATE AT THE SUBSCRIPTION PRICE
OF HK\$0.25 PER RIGHTS SHARE**

We refer to the circular of the Company to Shareholders dated 17 June 2016 (the “**Circular**”) of which this letter forms part. Capitalised terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

We have been appointed by the Board as members to constitute the Independent Board Committee and to advise the Independent Shareholders in respect of the proposed Rights Issue.

Vinco Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable as far as the Independent Shareholders are concerned and whether it is in the interests of the Company and the Shareholders as a whole. Details of its recommendation, together with the principal factors and reasons taken into consideration in arriving at such recommendation, are set out on pages 33 to 54 of the Circular.

Your attention is also drawn to the letter from the Board set out on pages 12 to 30 of the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the factors and reasons considered by, and the opinion of, Vinco Capital as set out in the “Letter from Vinco Capital” in the Circular, we are of the opinion that the terms of the Rights Issue are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. We therefore recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Rights Issue.

Yours faithfully,
For and on behalf of
the Independent Board Committee of
Unity Investments Holdings Limited

Mr. Hung Cho Sing

Mr. Chan Yik Pun
Independent non-executive Directors

Ms. Chung Fai Chun

LETTER FROM VINCO CAPITAL

The following is the text of a letter of advice from Vinco Capital to the Independent Board Committee and the Independent Shareholders in connection with the Rights Issue which has been prepared for the purpose of incorporation in this circular:



17 June 2016

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

Dear Sirs,

**PROPOSED RIGHTS ISSUE ON THE BASIS OF
TWO (2) RIGHTS SHARES FOR EVERY ONE (1) CONSOLIDATED SHARE
HELD ON THE RECORD DATE AT THE SUBSCRIPTION PRICE
OF HK\$0.25 PER RIGHTS SHARE**

A. INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the terms of the Rights Issue, details of which are set out in the “Letter from the Board” in the circular (the “Circular”) issued by the Company to the Shareholders dated 17 June 2016 of which this letter forms part. Capitalised terms used in this letter shall have the same meanings ascribed to them in the Circular unless the context otherwise requires.

Reference is made to the Announcement in relation to, among other things, the proposed Share Consolidation, the proposed Change in Board Lot Size and the proposed Rights Issue.

Assuming no new Share or Consolidated Share being issued and/or repurchased by the Company on or before the Record Date, the 1,164,211,204 Rights Shares will be issued and allotted representing: (i) approximately 200% of the issued share capital of the Company immediately after the Share Consolidation becoming effective but before the completion of the Rights Issue; and (ii) approximately 66.7% of the issued share capital of the Company as enlarged by the Rights Shares immediately after completion of the Rights Issue.

LETTER FROM VINCO CAPITAL

Since the Rights Issue will increase the issued share capital of the Company by more than 50%, in accordance with Rule 7.24(5) of the Listing Rules, the Rights Issue must be made conditional on, amongst other things, the approval by the Independent Shareholders at which any Controlling Shareholders and their respective associates or, where there are no Controlling Shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company, and their respective associates shall abstain from voting in favour of the Rights Issue. As at the Latest Practicable Date, since there is no Controlling Shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company, and their respective associates shall abstain from voting in favour of the Rights Issue in accordance with Rule 7.24(5) of the Listing Rules.

An Independent Board Committee, comprising Mr. Hung Cho Sing, Mr. Chan Yik Pun and Ms. Chung Fai Chun, all being the independent non-executive Directors, has been appointed to make recommendations to the Independent Shareholders in respect of the Rights Issue. We have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of Rights Issue. In our capacity as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders for the purposes of the Listing Rules, our role is to give you an independent opinion as to whether the terms of the Rights Issue are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole and whether the Independent Shareholders should vote in favour of the ordinary resolution to be proposed at the EGM to approve the Rights Issue. We are not connected with the directors, chief executive and substantial shareholders of the Company or any of their respective subsidiaries or their respective associates and, as at the Latest Practicable Date, did not have any shareholding, directly or indirectly, in any of their respective subsidiaries or their respective associates and, as at the Latest Practicable Date, did not have any shareholding, directly or indirectly, in any member of the Group or any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group and therefore is considered suitable as defined under Rule 13.84 of the Listing Rules to give independent advice to the Independent Board Committee and the Independent Shareholders. During the past two years, we have been appointed as the independent financial adviser to the Company regarding to an open offer and connected transaction of which the circular dated 23 January 2015. Apart from normal professional fees payable to us in connection with this appointment as the independent financial adviser to the independent board committee and the independent shareholders of the Company, no arrangement exists whereby we will receive any fees from the Company, its subsidiaries, its associates or their respective substantial shareholders or associates. Accordingly, we consider that we are eligible to give independent advice on the Rights Issue.

B. BASIS OF OUR OPINION AND RECOMMENDATION

In forming our opinion and recommendation, we have relied on the information, facts and representations contained or referred to in the Circular and the information, facts and representations provided by, and the opinions expressed by the Directors, management of the Company and its subsidiaries. We have assumed that all information, facts, opinions and representations made or referred to in the Circular were true, accurate and complete at the time they were made and continued to be true, accurate and complete as at the date of the Circular and that all expectations and intentions of the Directors, management of the Company and its subsidiaries, will be met or carried out as the case may be. We have no reason to doubt the truth, accuracy and completeness of the information, facts, opinions and representations provided to us by the Directors, management of the Company and its subsidiaries. The Directors have confirmed to us that no material facts have been omitted from the information supplied and opinions expressed. We have no reason to doubt that any relevant material facts have been withheld or omitted from the information provided and referred to in the Circular or the reasonableness of the opinions and representations provided to us by the Directors, management of the Company and its subsidiaries.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading.

We have relied on such information and opinions and have not, however, conducted any independent verification of the information provided, nor have we carried out any independent investigation into the business, financial conditions and affairs of the Group or its future prospect.

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

We consider that we have reviewed all currently available information and documents particularly, (i) board minutes approving the Rights Issue; (ii) the Underwriting Agreement; (iii) the investment policies adopted by the Company; (iv) the historical financial information of the Company for the two years ended 31 December 2015; (v) the latest unaudited consolidated management account of the Company as at 30 April 2016; and (vi) market comparables listed on Stock Exchange in relation to rights issue, which are made available to us and enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our advice. Based on the foregoing, we confirm that we have taken all reasonable steps, which are applicable to the Rights Issue, as referred to in Rule 13.80 of the Listing Rules (including the notes thereto).

LETTER FROM VINCO CAPITAL

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Rights Issue and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

C. PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the terms of the Rights Issue, we have considered the principal factors and reasons set out below:

1. Background information of the Company

Principal Business

The Company is an investment company under Chapter 21 of the Listing Rules with the primary objective of achieving earnings in the form of 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.

Historical financial information

Set out below is a summary of the audited consolidated financial results of the Group for the two years ended 31 December 2015, as extracted from the Company's annual report for the year ended 31 December 2015 (the "2015 Annual Report"):

	For the year ended	
	31 December	
	2014	2015
	(audited)	(audited)
	<i>HK\$</i>	<i>HK\$</i>
Profit for the year attributable to equity holders of the Company	267,908,000	112,686,000
	At as 31 December	
	2014	2015
	(audited)	(audited)
	<i>HK\$</i>	<i>HK\$</i>
Total assets	586,680,000	1,077,441,000
Total liabilities	916,000	34,010,000
Net assets	585,764,000	1,043,431,000

Source: The 2015 Annual Report

LETTER FROM VINCO CAPITAL

Audited consolidated statement of comprehensive income for the year ended 31 December 2015

The Group recorded profit attributable to the equity holders of the Company of approximately HK\$112.7 million for the year ended 31 December 2015, representing a decrease as compared to the corresponding profit attributable to the equity holders of the Company of approximately HK\$268 million for the year ended 31 December 2014. Such decrease was mainly due to (i) the loss from the sale of listed investments held for trading of approximately HK\$13.0 million for the year ended 31 December 2015, comparing to the gain of approximately HK\$142.0 million for the year ended 31 December 2014; (ii) the increase in impairment of unlisted equity investments classified under available-for-sale investments of approximately HK\$78.5 million for the year ended 31 December 2015, comparing to impairment of approximately HK\$27.1 million for the year ended 31 December 2014; (iii) the decrease in realised gain on disposal of listed equity investments classified under available-for-sale investments of approximately HK\$52.3 million for the year ended 31 December 2015, comparing to gain of HK\$202.2 million for the year ended 31 December 2014; and (iv) the increase in changes in fair value of listed equity investments classified under investments held for trading of approximately HK\$199.3 million for the year ended 31 December 2015, comparing to the changes in fair value of approximately HK\$1.0 million for the year ended 31 December 2014, which offset the above losses.

Audited consolidated statement of financial position for the year ended 31 December 2015

As at 31 December 2015, the Group recorded total assets, total liabilities and net assets of approximately HK\$1.1 billion, HK\$34 million and HK\$1 billion, respectively.

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

As stated in the Letter from the Board, the Directors consider that the Group does not necessarily generate extensive cash income from operation as the Company is an investment company under Chapter 21 of the Listing Rules. In order to increase the size of its investment portfolio, the Company will require cash in order to make new investments. The Directors are of the view that the proceeds of the Rights Issue will (i) increase the fund size of the Company, which is practical and efficient in terms of economies of scale when making investments; (ii) strengthen the cash position of the Group; and (iii) will enable the Group to be in a more advantageous position to promptly capture potential investment opportunities when they arise.

As stated in the section headed “Historical financial information” above, the Group recorded profit attributable to the equity holders of the Company for the year ended 31 December 2015. With reference to the 2015 Annual Report, despite of the stock market crash in the third quarter of 2015, the overall performance of the Group’s listed stock investments during the last year maintained outstanding. The listed equity investments classified under investments held for trading has posted net realised loss of approximately HK\$13.0 million and unrealised gain of approximately HK\$199.3 million. The listed equity investments classified under available-for-sale investments reported net gain of approximately HK\$52.3 million. During the last year, the Group remained to place much resources on listed equity investments

LETTER FROM VINCO CAPITAL

in Hong Kong. Given the profitable financial performance of the Group in midst of downward trend of the stock market, the Group considers to expand its investment portfolio by making new investments. However given the current cash and bank balances of the Group of approximately HK\$5.7 million as at 30 April 2016 per the latest consolidated management account provided by the Company, the Group does not have sufficient internal resources to increase the fund size of the Company, which may prevent the Company to gain economies of scale when making investments. In addition, the sentiment of capital markets is volatile these day, should a potential investment on an unlisted and or listed investment opportunities arise, investment decisions have to be made promptly. If the Group does not have sufficient resources to finance such investment opportunities immediately, the Group may lose the chance to capture the growth of the investments. Therefore, we are of the view that the Group are in the genuine need for funding on their potential investment in listed and unlisted securities as investment opportunities may not be available for a period of time and wait until the Group has obtained sufficient funding.

The gross proceeds of the Rights Issue will be approximately HK\$291.05 million, before expenses, assuming no further Shares or Consolidated Shares being issued and/or repurchased by the Company on or before the Record Date. The estimated net proceeds of the Rights Issue will be approximately HK\$280.05 million. The net price per Rights Share after deducting the relating expenses of Rights Issue will be approximately HK\$0.24.

The Company intends to apply such net proceeds from the Rights Issue in the following manner:

1. approximately HK\$270.00 million for investment in listed securities in various industries including but not limited to natural resources, industrial, health and pharmaceutical, forestry, retail, communication technology, media, online and mobile game businesses, financial institutions, software and information technology, and manufacture of juvenile and infant products;
2. approximately HK\$10.05 million for general working capital of the Group for the coming two years.

We noted that the vast majority (i.e. approximately 96.4%) of the estimated net proceeds will be utilized to invest in listed securities in various industries as mentioned above. In order to assess the fairness and reasonableness of investments in listed securities in above industries, we have conducted our own desktop research as follows.

Regarding the natural resources segment prospects, due to the continuous drop in the international oil and gas price (at historically low level), some listed securities related to natural oil and gas are undervalued. We have reviewed the crude oil prices and natural gas prices during the two years period, from 1 May 2014 to 30 April 2016, (the “Review Period”). The price of crude oil decreased from US\$99.42 per barrel to US\$45.92 per barrel during the Review Period and the highest price of crude oil was US\$107.73 per barrel and the lowest price of crude oil was US\$26.05 per barrel during Review Period. The price of natural gas decreased

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from US\$4.72 per million british thermal unit to US\$2.18 per million british thermal unit during the Review Period and the highest price of natural gas was US\$4.89 per million british thermal unit and the lowest price of natural gas was US\$1.61 per million british thermal unit during the Review Period. As the commodity prices mentioned above have dropped substantially in the Review Period, we consider that the natural resources segment would have upward adjustment once the global economy recovers in the coming years.

Regarding the health and pharmaceutical segment prospects, as stated in the report published by Deloitte in 2015, Global Life Sciences Outlook: 2015-2018, global pharmaceutical segment revenue is forecast to reach approximately US\$1,600 billion in 2018. According to the Economist Intelligence Unit, pharmaceutical sales are projected to increase by an average of 6.9% annually over 2014-2018, outpacing the estimated global health care spending rate of 5.2% during that same period. Total pharmaceutical revenues are expected to increase from US\$1.23 trillion in 2014 to US\$1.61 trillion in 2018.

Regarding the communication technology, media and online and mobile game segment prospects, according to the Global Media Report 2015 published by McKinsey & Company, digital advertising, video games, and broadband continue to be the fastest-growing segments over the next five years, with projected compound annual increases of 12.7%, 8.1%, and 7.8%, respectively, in 2019. Cinema will expand at a projected 5.4% compounded annual growth, followed by TV advertising at 5.0% and out-of-home at 4.9%, with in-home video entertainment next at 3.4% compounded annual growth. Total global media spending will rise from US\$1.6 trillion in 2014 to a projected US\$2.1 trillion in 2019, a 5.1% compounded annual increase.

Regarding the forestry segment prospects, according to a report “Moody’s: Stable 2016 Outlook for Global Paper and Forest Products Sector on Increasing Home Construction”, increasing housing starts and higher consumer spending will drive anticipated operating income growth for the global paper and forest products industry of 1%-3% in 2016, underpinning the current stable outlook for the sector for the next 12 months. Moody’s outlook for the global paper and forest products sector over the next year remains within stable range as increasing home construction and economic growth drive wood product, packaging and market pulp earnings growth in the low single digits in 2016. Expected improvements to US housing starts will likely prop up end-market demand for timber, lumber, oriented strand board and engineered wood products in 2016, which will in turn support the stable outlook for the wood products/timberland segment.

Regarding the retail industry segment prospects, according to a research report “2015-16 Outlook for the Retail and Consumer Products Sector in Asia” by PricewaterhouseCoopers Limited, set against a distinctly mixed global backdrop, the outlook for Asia’s consumer goods and retail sector represents a bright spot. Sales growth in the region will be the fastest in the world over the next five years, averaging 8.5% in US\$ terms and 4.6% in average volume terms. This compares to global average rates of 5.6% and 3% respectively and to Western European rates of 0.6% and 0.8% respectively. By 2018, Asian retail sales are expected to amount to over US\$10 trillion, almost half of the US\$23 trillion in sales generated by the world’s 60 largest economies and twice that of North America, the next largest region.

LETTER FROM VINCO CAPITAL

Regarding the financial institutions segment prospects, according to an article “Economic and Trade Information on Hong Kong” dated 1 June 2016 by Hong Kong Trade and Development Council, as at the end of December 2015, Hong Kong’s stock market ranked the fourth largest in Asia and the eighth largest in the world in terms of market capitalisation. There were 1,866 companies listed on Hong Kong Stock Exchange, including 222 companies on the Growth Enterprise Market and the total market capitalisation of Hong Kong’s stock market reached US\$3.16 trillion. Hong Kong is also the second largest private equity centre in Asia, managing about 19% of the total capital pool in the region as at end of 2014.

Regarding the industrial segment prospects, as stated in the research article published by Hong Kong Trade Development Council dated 27 May 2016, the 13th Five-Year Plan states clearly that efforts will be made to optimise development of the modern industry system, whereby structural reform will be implemented on the supply side. Revenues generated by industrial enterprises soared to RMB110.3 trillion in 2015, from RMB8.4 trillion in 2000.

Regarding the software and information technology segment prospects, the new information technology is one of the key sectors promoted by “Made in China 2025” plan issued by the State Council of PRC on May 2015. The plan indicates that the PRC should further open up its market and attract foreign investors to invest in key areas, such as the development of new information technology and bio-medicine, and foreign companies and institutions should be encouraged to set up research and development centers in China.

Regarding manufacture of juvenile and infant products segment prospects, according to a research report “Baby Care Products Market – Global Industry Analysis, Size, Share, Growth and Forecast 2007 – 2017” by Transparency Market Research, the global market for baby care products is poised to rise at a compounded annual growth rate of 7.0% from 2012 to 2017, leading to the market’s valuation increasing from US\$44.7 billion to US\$66.8 billion between 2011 and 2017. Currently, the Europe, Middle East and Africa region is dominant in this market and is expected to retain its dominance in the forecast period, with a share of close to 34.7% expected for the region in the global market by the end of 2017. This region will be trailed by Asia Pacific in terms of market share due to the increasing middle-class population with rising disposable incomes. The baby care products market is displaying a steadfast growth rate due to several reasons. The rising number of live births in developing nations and considerably rising disposable incomes in these regions are the reasons for high spending on convenient baby care products.

Given the above analysis, we are of the view that prospects of the abovementioned industries are positive given the forecasted growth potentials and/or the supports by the PRC government and the Company’s decision to invest the net proceeds from the Rights Issue in such industries with positive prospects is in the interests of the Company and the Shareholders as a whole.

The remaining part of the estimated net proceeds (i.e. approximately 3.6%) is intended for general working capital of the Group for coming two years. As discussed with the management of the Group, they intend to apply the remaining proceeds to different areas, including but not limited to directors’ fee, salaries, investment management fee, audit fee, travelling expenses, rents and rates etc.

LETTER FROM VINCO CAPITAL

As discussed with the management of the Company, the Company has not identified any specific investment targets. In the event that suitable investments are not identified after completion of the Rights Issue, the Company will place the proceeds from the Rights Issue with financial institution in Hong Kong and such proceeds will be reserved for future investments when suitable investment opportunities arise.

Take into consideration of the funding needs of the Group to increase its fund size for investment purposes as mentioned above, we are of the view that the intended utilization of the net proceeds from the Rights Issue is fair and reasonable.

Financing alternatives

As stated in the Letter from the Board, after discussing with the management of the Group, we are given to understand that apart from the Rights Issue, the management of the Group had also considered other means of fund raising, including alternative means of equity financing (such as placement of new Shares and open offer) and debt financing.

We note that debt financing and/or bank borrowings will incur interest burden and repayment obligations of the Group and may be subject to lengthy due diligence and negotiations as well as the pledge of assets by the Group.

In addition to debt financing, the Directors are also considered other means of equity financing (such as placement of Shares and open offer). We note that placing will only be available to certain placees who are not necessarily the existing Shareholders and will dilute the shareholding interests in the Company of the existing Shareholders. Although an open offer is similar to a rights issue, an open offer would not provide an additional option to those Qualifying Shareholders who do not wish to take up their allotments to sell their provisionally allotted nil-paid Rights Shares. Furthermore, those Qualifying Shareholders who wish to increase their shareholding interests in the Company cannot acquire additional nil-paid Rights Shares in the market in the case of an open offer. Therefore, we consider that (i) the Rights Issue, in fully underwritten, can remove a certain degree of uncertainty as compared to other equity fund raising exercises such as placing in best effort method and offer all the Qualifying Shareholders an equal opportunity to participate; (ii) the Rights Issue enables all Qualifying Shareholders to maintain their proportionate interests in the Company and avoid shareholding dilution; and (iii) the Shareholders who do not wish to participate in the fund raising of the Company can dispose of their Rights Shares provisional allotments in the market in nil-paid form. As such, we consider that (i) the other means of equity financing other than the Rights Issue, (ii) debt financing and (iii) combination of equity and debt financing are not fair and reasonable to the Shareholders, hence, we are of the view that the Rights Issue is a suitable source of financing over the aforementioned alternatives.

Based on the above said, we are of the view that (i) the Rights Issue is a preferred source of financing over other alternative fundraising methods, (ii) the estimated net proceeds of the Rights Issue will be used to facilitate the growth of the Group, and (iii) the Rights Issue can enhance the capital base and financial position of the Group as discussed in the section headed “Financial effects of the Rights Issue” below.

LETTER FROM VINCO CAPITAL

3. Principal terms of the Rights Issue

The Company proposes to raise HK\$291.05 million, before expenses, by way of the Rights Issue and details are set out as follows:

Basis of the Rights Issue	:	Two (2) Rights Shares for every one (1) Consolidated Share held on the Record Date
Subscription Price	:	HK\$0.25 per Rights Share
Number of Shares in issue as at the Latest Practicable Date	:	2,910,528,010 Shares
Number of Consolidated Shares in issue immediately after the Share Consolidation becoming effective but before the completion of the Rights Issue	:	582,105,602 Consolidated Shares (assuming no further Shares being issued and/or repurchased by the Company up to the effective date of the Share Consolidation)
Number of Rights Shares	:	1,164,211,204 Rights Shares (assuming no new Share or Consolidated Share being issued and/or repurchased by the Company on or before the Record Date). The aggregate nominal value of the Rights Shares is HK\$116,421,120.40
Number of Rights Shares underwritten by the Underwriter	:	1,164,211,204 Rights Shares (assuming no new Share or Consolidated Share being issued and/or repurchased by the Company on or before the Record Date)
Number of enlarged Consolidated Shares in issue upon completion of the Rights Issue	:	1,746,316,806 Consolidation Shares (assuming no new Share or Consolidated Share being issued and/or repurchased by the Company on or before the Record Date)

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

LETTER FROM VINCO CAPITAL

The Rights Issue is fully underwritten by the Underwriter, who shall ensure that the Company will maintain the minimum public float requirement in compliance with Rule 8.08 of the Listing Rules.

Assuming no new Share or Consolidated Share being issued and/or repurchased by the Company on or before the Record Date, 1,164,211,204 Rights Shares will be issued and allotted representing: (i) approximately 200% of the issued share capital of the Company immediately after the Share Consolidation becoming effective but before the completion of the Rights Issue; and (ii) approximately 66.7% of the issued share capital of the Company as enlarged by the Rights Shares immediately after completion of the Rights Issue.

The unaudited consolidated net assets value of the Group as at 31 December 2015 immediately after the Share Consolidation becoming effective but before the completion of the Rights Issue was approximately HK\$1.79 per Consolidated Share. Assuming no new Share or Consolidated Share being issued and/or repurchased by the Company on or before the Record Date, the unaudited pro forma adjusted consolidated net assets value of the Group as at 31 December 2015 immediately after the completion of the Rights Issue was approximately HK\$0.76 per Share, representing the possible maximum dilution effect to the net assets value of the Group per Share of approximately 57.54%.

Subscription Price

The Subscription Price of HK\$0.25 per Rights Share will be payable in full upon application by a Qualifying Shareholder. The Subscription Price represents:

- (a) a discount of approximately 25.37% to the adjusted closing price of HK\$0.335 per Consolidated Share (calculated 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 Share Consolidation);
- (b) a discount of approximately 28.57% to the adjusted average closing price of approximately HK\$0.350 per Consolidated Share (calculated based on the closing price of HK\$0.070 per Share as quoted on the Stock Exchange for the last 5 consecutive trading days up to and including the Last Trading Day and adjusted for the effect of the Share Consolidation);
- (c) a discount of approximately 31.51% to the adjusted average closing price of approximately HK\$0.365 per Consolidated Share (calculated based on the closing price of HK\$0.073 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day and adjusted for the effect of the Share Consolidation);

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- (d) a discount of approximately 10.07% to the theoretical ex-rights price (assuming no new Share or Consolidated Share being issued and/or repurchased by the Company from the Latest Practicable Date up to the Record Date) of approximately HK\$0.278 per Consolidated Share based on the adjusted closing price of HK\$0.335 per Consolidated Share (calculated 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 Share Consolidation);
- (e) a discount of approximately 1.96% to the adjusted closing price of HK\$0.255 per Consolidated Share (calculated based on the closing price of HK\$0.051 per Share as quoted on the Stock Exchange on the Latest Practicable Date and adjusted for the effect of the Share Consolidation); and
- (f) a discount of approximately 27.54% to the unaudited net asset value per Share of approximately HK\$0.345 as at 31 May 2016.

As stated in the Letter from the Board, the Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter with reference to, among other things, the market price of the Shares under the prevailing market conditions and the financial position of the Group. As all Qualifying Shareholders will be provisionally allotted the Rights Shares in the same proportion to his/her/its existing shareholding in the Company held on the Record Date, the Directors (excluding the independent non-executive Directors) consider that the discount of the Subscription Price would encourage the Qualifying Shareholders to take up their provisional allotments so as to maintain their shareholdings in the Company and participate in the future growth of the Group.

Given that the discount of the Subscription Price and the basis of two (2) Rights Shares for every one (1) Consolidated Share: (i) can provide an incentive for the Qualifying Shareholders to take up the Rights Shares to which they are provisionally allotted as the Company has funding needs; and (ii) can induce the Underwriter to participate in the underwriting of the Underwritten Shares, the Directors are of the view that the current structure of the Rights Issue is fair and reasonable. The net price per Rights Share after deducting the relevant expenses of the Rights Issue will be approximately HK\$0.24.

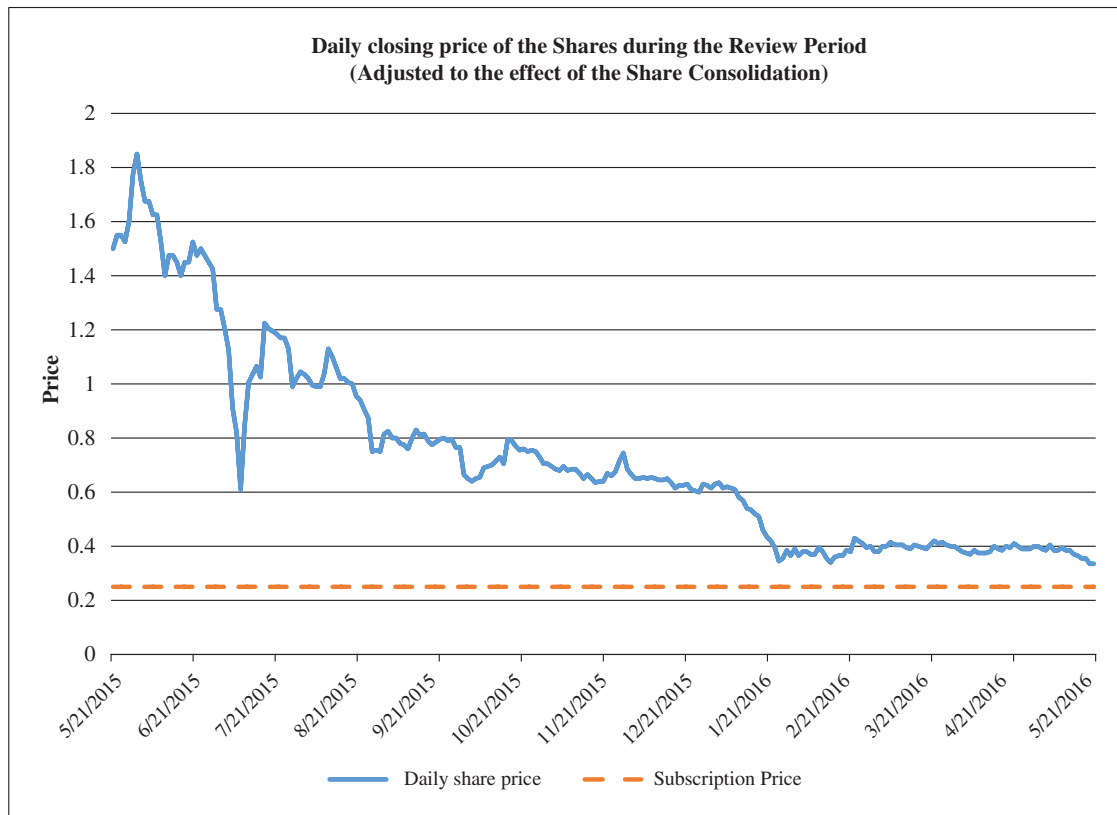
The Directors have approached three other underwriters regarding a proposed rights issue for the Company to raise the required funds, however no positive feedback was received by the other three underwriters. The Directors have considered, among other factors: (i) the terms of the rights issue proposed by the underwriters; and (ii) the terms of the underwriting agreement including but not limited to the underwriting commission, in selecting the underwriter.

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In order to assess the fairness and reasonableness of the Subscription Price, we compared the Subscription Price with reference to (i) the recent price performance of the Shares (adjusted for the effect of the Share Consolidation) and trading liquidity of the Company; and (ii) the market comparables analysis, as follows:

Share prices and trading liquidity of the Company

We have reviewed the closing prices and the trading liquidity of the Shares during the twelve-month period from 21 May 2015, up to and including 20 May 2016, being the Last Trading Day, (the “Review Period”). Adjustment to the Share price has been made taking into account of assuming the Share Consolidation has been effective since the beginning of the Review Period.



Source: The Stock Exchange

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	Total volume of the Shares traded	Number of trading days	Average Daily Volume (Shares)	Number of issued Shares as at end of the period/month (Shares)	Approximately % of average daily trading volume to the then total number of issued Shares as at end of the period/month (Note 3)
2015					
May (Note 1)	1,228,830,363	6	204,805,061	2,910,528,010	7.04%
June	1,969,963,012	22	89,543,773	2,910,528,010	3.08%
July	1,228,601,961	22	55,845,544	2,910,528,010	1.92%
August	577,585,634	21	27,504,078	2,910,528,010	0.94%
September	260,130,120	20	13,006,506	2,910,528,010	0.45%
October	195,667,956	20	9,783,398	2,910,528,010	0.34%
November	255,150,074	21	12,150,004	2,910,528,010	0.42%
December	95,841,821	22	4,356,446	2,910,528,010	0.15%
2016					
January	103,040,024	20	5,152,001	2,910,528,010	0.18%
February	108,731,034	18	6,040,613	2,910,528,010	0.21%
March	127,475,550	21	6,070,264	2,910,528,010	0.21%
April	94,475,109	20	4,723,755	2,910,528,010	0.16%
May (Note 2)	61,472,500	14	4,390,893	2,910,528,010	0.15%

Source: The Stock Exchange

Notes:

1. The Review Period commenced on 21 May 2015.
2. The Review Period ended on 20 May 2016.
3. Based on the total number of issued Shares as at end of the period/month.

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For illustrative purpose, we have adjusted the closing price of the Share and assumed that the Share Consolidation take effect from the beginning of the Review Period. As shown in the chart above, the daily closing price of the Shares during the Review Period ranged from the lowest of HK\$0.335 per Share on 17 May 2016, 18 May 2016, 19 May 2016 and 20 May 2016 to the highest of HK\$1.85 per Share on 1 June 2015. The average closing price of Shares within the Review Period was approximately HK\$0.733 per Share, and the Subscription Price represents a discount of approximately 293.2% to the average closing price of Shares within the Review Period. The Subscription Price represents a discount to the closing price of the Shares throughout the Review Period and to the average closing price of Shares. We noted that the Share price substantially decreased during the Review Period. With reference to the announcement of profit warning dated 14 January 2016, the Company announced that the Group is expected to record a significant decrease in consolidated net profit for the year as compared to the audited consolidated net profit for the year ended 31 December 2014 as set out in the 2014 annual report of the Company. Besides, the Share price decreased significantly in late June 2015.

Regarding the liquidity of the Shares, as shown in the table above, the highest average daily volume was approximately 204.8 million Shares in May 2015, representing approximately 7.04% of the total number of issued Shares as at the end of the period. After the discussion with the management of the Company, we noted that they were not aware of any reasons for the increase in trading volumes in May 2015. During the Review Period, the trading liquidity of the Shares were very thin from August 2015 to May 2016, with less than 1% to the then total number of issued Shares as at the end of the period/month. The trading volume decreased from June 2015 to October 2015, increased from December 2015 to March 2016 and decreased from April 2016 to the end of the Review Period.

As discussed section headed “Comparison with other rights issues” below, we noted that it is a common market practice that, in order to enhance the attractiveness of rights issue to existing shareholders, the subscription price represents a discount to the prevailing market prices of the relevant shares. As such, we consider that the setting of the Subscription Price at a discount to the closing price of the Shares (adjusted by taking into effect of the Share Consolidation) at the last trading date prior to the rights issue announcement and the Latest Practicable Date is in line with general market practice.

Comparison with other rights issues

To further assess the fairness and reasonableness of the Rights Issue, we have selected and identified a list of 11 rights issues conducted by companies (the “Comparables”) listed on the Stock Exchange for the three months period from 19 February 2016 up to and including the Last Trading Day (the “Comparable Period”), which is considered to be exhaustive, for comparison purpose. We are of the view that the Comparable Period would provide us with the recent relevant information on the market sentiment, which plays an important role in the determination of the subscription price of a rights issue in general. We also noted that the business activities of the Comparables are not directly comparable to those carried out by the Group and the terms of the rights issue of the Comparables may vary from companies with

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different financial standings, business performance and future prospects. Since the Comparables are the most recent transactions announced to the public, we consider that the Comparables could represent the recent trend of the rights issue transactions in the prevailing market condition and could provide a general reference for the terms of the Rights Issue. Our relevant findings are summarised in the table below:

Date of announcement	Company	Stock Code	Basis of provisional allotment	Premium/(Discount) of subscription price to/over the closing price on the last trading date prior to the release of the rights issue announcement	Premium/(Discount) of subscription price to/over the theoretical ex-rights price on the last trading date prior to the release of the rights issue announcement	Underwriting Commission (%)
				(Approximate %)	(Approximate %)	
01/03/2016	CMMB Vision Holdings Limited	471	1 for 1	9.89	57.07	3.00
06/03/2016	Synertone Communication Corporation	1613	1 for 1	(65.7)	(67.1)	(HK\$1)
09/03/2016	Hanny Holdings Limited	275	8 for 1	(68.75)	(19.61)	3.00
13/3/2016	Winsway Enterprises Holdings Limited	1733	9 for 1	(76)	(44)	(not entitled)
17/3/2016	Chuang's China Investments Limited	298	1 for 2	(34.1)	(25.7)	2.5
24/3/2016	Ngai Shun Holdings Limited	1246	11 for 2	(58.8)	(18)	2.5
29/3/2016	Glorious Sun Enterprises Limited	393	1 for 2	(11.76)	(8.16)	(HK\$100,000)
18/4/2016	Pacific Basin Shipping Limited	2343	1 for 1	(58.3)	(41.2)	2.50
20/4/2016	South China Financial Holdings Limited	619	1 for 1	(58.23)	(41.07)	2.00
21/4/2016	Huge China Holdings Limited	428	1 for 1	(15.25)	(8.26)	2.00
11/5/2016	Time2U International Holding Limited	1327	2 for 1	(49.1)	(24.3)	1.50
		Maximum		9.89	57.07	3.0
		Minimum		(76)	(67.10)	1.5
		Mean		(44.19)	(21.85)	2.38
		The Company	2 for 1	(25.37)	(10.07)	1.5

Source: The Stock Exchange

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Based on the above table, we noted that (i) the subscription prices to the closing price on the last trading day prior to the rights issue announcement of the Comparables ranged from a premium of approximately 9.9% to a discount of approximately 76%, with the mean at a discount of approximately 44.2%. The discount of the Subscription Price of the Rights Issue to the closing price of the Consolidated Shares on the Last Trading Day and adjusted for the effect of the Share Consolidation is approximately 25.4%, which is within the range of the Comparables and lower than the mean of the Comparables; and (ii) the subscription prices to the theoretical ex-rights prices per share based on the last trading day prior to the rights issue announcement of the Comparables ranged from a premium of approximately 57.1% to a discount of approximately 67.1%, with the mean at a discount of approximately 21.9%. The discount of the Subscription Price of the Rights Issue to the theoretical ex-rights price per Consolidated Share is approximately 10.1%, which is within the range of the Comparables and lower than the mean of the Comparables.

We noted that the discount of the Subscription Price is lower than the mean discounts of the Comparables and the Subscription Price represents a discount of approximately 27.5% to the unaudited net asset value per Share as at 31 May 2016. Having considered that (i) the section headed “Reasons for the Rights Issue and proposed use of proceeds”; (ii) the discount represented by the Subscription Price to the closing price of the Consolidated Shares on the Last Trading Day (adjusted for the effect of the Share Consolidation) falls within the relevant range of the Comparables; (iii) the discount represented by the Subscription Price to the theoretical ex-rights price of the Consolidated Shares on the Last Trading Day (adjusted for the effect of the Share Consolidation) falls within the relevant range of the Comparables; (iv) the common practice by the Comparables to set their subscription prices of their rights issue at a discount to the prevailing market prices of the relevant shares before the relevant announcements; (v) all Qualifying Shareholders are offered an equal opportunity to subscribe for the Rights Issue at the Subscription Price which represents discount to market price; (vi) it is common for the listed issuers in Hong Kong to offer large discount on the subscription prices to the shareholders in order to increase the attractiveness of a rights issue exercise; (vii) a discount of Subscription Price would encourage the Qualifying Shareholders to participate in the Rights Issue given the thin trading liquidity of the Shares; and (viii) the possibility of participating in the future benefits which may be brought by the Group for increasing the fund size of the Company, we are of the view that the discount of the Subscription Price is fair and reasonable, and thus is in the interests of the Company and the Shareholders as a whole.

4. No application for excess Rights Shares

As stated in the Letter from the Board, no Qualifying Shareholder is entitled to apply for any Rights Shares which are in excess to his/her/its provisional allotments. Any Rights Shares not taken up by the Qualifying Shareholders, and the Rights Shares to which the Non-Qualifying Shareholders would otherwise have been entitled under the Rights Issue, will not be available for subscription by other Qualifying Shareholders by way of excess application.

As discussed with the Directors, the Directors hold the view that the Rights Issue will give the Qualifying Shareholders an equal and fair opportunity to maintain their respective pro rata shareholding interests in the Company, if application for excess Rights Shares is arranged,

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the Company will be required to put in additional effort and costs to administer the excess application procedures. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, it is expected that additional printing and share registrar costs of approximately HK\$300,000 would be incurred if application for excess Rights Shares is arranged. However, such additional costs do not include the costs associated with administration of excess application and drafting of the excess application forms which the Directors consider to be difficult to quantify. Besides, there will be a period for trading of nil-paid Rights Shares on the Stock Exchange. Shareholders who are interested in obtaining the Rights Shares, in addition to the Rights Shares to be provisionally allotted to them, could purchase nil-paid Rights Shares from other Shareholders who do not, and will not, subscribe for their Rights Shares which they are provisionally allotted. The Directors consider that it is fair and reasonable and in the interests of the Company and the Shareholders as a whole not to offer any excess application to the Qualifying Shareholders.

After taking into account the above practice (i) no application for excess Rights Share is able to lower the related administration costs in the absence of excess applications; and (ii) the Rights Issue allows the Qualifying Shareholders to maintain their respective pro rata shareholding, we are of the view that such arrangement is fair and reasonable to the Company and the Shareholders as a whole.

5. Underwriting Agreement

We have reviewed the Underwriting Agreement, we noted that the Company will pay the Underwriter an underwriting commission of 1.5% of the aggregate Subscription Price in respect of the maximum number of the underwritten Rights Shares agreed to be underwritten by the Underwriters as determined on the Record Date. The commission rate was determined after arm's length negotiation between the Company and the Underwriter by reference to the market rate, the size of the Rights Issue and the current and expected market condition.

With reference to the above paragraph headed "Comparison with other rights issues", the underwriting commission of the Comparables ranged from 1.5% to 3.0% with a mean of approximately 2.4%. On this basis, we noted the underwriting commission under the Underwriting Agreement is lower than the mean and falls within the range of the commission of the Comparables. As such, we are of the view that the commission charged by the Underwriter is under normal commercial terms and is fair and reasonable so far as the Company and the Shareholders are concerned.

6. Termination of the Underwriting Agreement

It should also be noted that the Rights Issue would not proceed if the Underwriter exercises their termination rights under the Underwriting Agreement. Details of the provisions granting the Underwriter such termination rights are included in the Circular section headed "Termination of the Underwriting Agreement". After reviewing the announcements and/or the circulars of the Comparables, we consider such provisions are on normal commercial terms and in line with the market practice.

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7. Dilution effects of the Rights Issue on shareholding interests

Set out below is the shareholding structures of the Company (i) as at the Latest Practicable Date; (ii) immediately after the Share Consolidation becoming effective but before completion of the Rights Issue; and (iii) immediately after completion of the Rights Issue:

	As at the Latest Practicable Date		Immediately after the Share Consolidation becoming effective but before completion of the Rights Issue		Immediately after completion of the Rights Issue Assuming all the Rights Shares are subscribed by the Qualifying Shareholders		Immediately after completion of the Rights Issue Assuming none of the Rights Shares are subscribed by the Qualifying Shareholders	
	Number of Shares	Approximate %	Number of Consolidated Shares	Approximate %	Number of Consolidated Shares	Approximate %	Number of Consolidated Shares (Note 1)	Approximate %
Underwriter (Note 1)	–	–	–	–	–	–	1,164,211,204	66.7%
Public Shareholders	2,910,528,010	100%	582,105,602	100%	1,746,316,806	100%	582,105,602	33.3%
Total	<u>2,910,528,010</u>	<u>100%</u>	<u>582,105,602</u>	<u>100%</u>	<u>1,746,316,806</u>	<u>100%</u>	<u>1,746,316,806</u>	<u>100%</u>

Notes:

- Pursuant to the Underwriting Agreement, the Underwriter shall enter into sub-underwriting agreements such that none of the Underwriter and the sub-underwriters (together with parties acting in concert with each of them) will hold 10% or more of the issued share capital of the Company immediately after completion of the Rights Issue.
- The Underwriter irrevocably undertakes to the Company that if the Underwriter or any of the subunderwriter is required to take up the Rights Shares pursuant to their underwriting/sub-underwriting obligations:
 - the Underwriter will not trigger a mandatory offer obligation under Rule 26 of Takeovers Code on the part of the Underwriter in respect of performing its obligations hereunder;
 - the Underwriter shall and shall cause the sub-underwriter to procure subscribers independent of the Company and its connected persons to take up such number of Rights Shares as may be necessary to ensure that the public float requirements under the Listing Rules are complied with;
 - none of the persons to be procured by the Underwriter to subscribe for the untaken Underwritten Shares will be holding 10% or more of the total issued shares of the Company immediately after completion of the Rights Issue; and
 - the Underwriter shall use its reasonable endeavours to ensure that the subscribers for the untaken Underwritten Shares are independent of and not connected with the Company and its connected persons and are not a party acting in concert with each other.
- The tables shown above are for illustrative purpose only.

As at the Latest Practicable Date, the existing public Shareholders hold as to approximately 100.00% of the entire issued share capital of the Company. Upon completion of the Rights Issue (assuming none of the Rights Shares are subscribed by the Qualifying Shareholders), the existing public Shareholders hold as to approximately 33.3% of the entire enlarged issued share capital of the Company. As stated from the Letter from the Board, pursuant to the Underwriting Agreement, the Underwriter undertakes with the Company that (i)

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it shall use all reasonable endeavours to provide that each of the subscribers or purchasers of Underwritten Shares procured by it shall be Independent Third Parties; (ii) the Underwriter will enter into sub-underwriting agreements such that none of the Underwriter and the sub-underwriters (together with parties acting in concert with each of them) will hold 10% or more of the issued share capital of the Company immediately after the Rights Issue; and (iii) the Underwriter shall and shall cause the sub-underwriters to procure independent placees to take up such number of Rights Shares as necessary to ensure that the public float requirements under Rule 8.08 of the Listing Rules are complied with immediately after the completion of the Rights Issue.

The Independent Shareholders who are Qualifying Shareholders should note that, if they decide to subscribe for their full provisional allotment of the Rights Issue, there would not be any dilution effect on their shareholding interests in the Company. However, we would like to draw the Qualifying Shareholders' attention to the fact that, for those Qualifying Shareholders who do not wish to take up all or part of their provisional allotment to the Rights Shares, their corresponding interest in the Company will be diluted. In view that the Company sets the Subscription Price at a discount, the Qualifying Shareholders are more likely to be attracted to participate in the Rights Issue so as their shareholding are not to be diluted. Nevertheless, if all the Qualifying Shareholders (other than the Underwriters) still decide not to take up the provisional allotments of the Rights Issue and the Underwriter has taken up all the provisional allotments in its capacity as the Underwriter, the percentage of shareholding of the existing Shareholders will be reduced from 100% to 33.3%.

Having considered that (i) the intended use of proceeds from the Rights Issue will increase the fund size of the Company and the proceeds will be invested in listed and unlisted securities, which is part of the Group's principal activities; (ii) lower Subscription Price which represents discount to the Last Trading Day and to the theoretical ex-rights price may likely to attract the Qualifying Shareholders to participate in the Rights Issue; (iii) the inherent dilutive nature of rights issue is a general market practice; and (iv) the Rights Issue is on the basis that all Qualifying Shareholders have been offered the same opportunity to maintain their proportional interests in the Company, we are of the view that the potential dilution effect on the shareholding is fair and reasonable to the Shareholders and is not prejudicial to the Shareholders' interests in the Company if they choose to subscribe for their full provisional allotments of the Rights Shares.

8. Financial effects of the Rights Issue

(a) Net assets value

With reference to the unaudited pro forma financial information of the Group as set out in the Appendix II to the Circular, the audited consolidated net tangible assets attributable to owners of the Company was approximately HK\$1,043,431,000 as at 31 December 2015. After taking into account the net proceeds from the Rights Issue, the unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company will be raised to approximately HK\$1,323,481,000.

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The unaudited consolidated net tangible assets attributable to owners of the Company per Share before the completion of the Rights Issue was approximately HK\$1.79. Assuming no new Share or Consolidated Share being issued and/or repurchased by the Company on or before the Record Date, the unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share immediately after the completion of the Rights Issue was approximately HK\$0.76, representing the possible maximum dilution effect to the net asset value of the Group per Share of approximately 57.54%.

(b) Working capital

With reference to the 2015 Annual Report, the audited net current assets of the Group was approximately HK\$873.7 million as at 31 December 2015. Immediately after completion of the Rights Issue, the net current assets of the Group would increase by not less than HK\$280.05 million. In this regard, we are of the view that the Rights Issue will improve the liquidity position of the Group.

Based on the foregoing, although the consolidated net tangible assets attributable to owners of the Company per Share will be diminished, the Rights Issue will enhance the net assets value of the Group and improve the liquidity position of the Group. Hence, we are of the view that the Rights Issue is in the interests of the Company and the Shareholders as a whole.

As discussed in the above section headed “No application for excess Rights Shares”, “Underwriting Agreement” and “Termination of the Underwriting Agreement”, we are of the view that the terms of the Underwriting Agreement including the commission rate, conditions of the Underwriting Agreement and the conditions for termination of the Underwriting Agreement are in line with the recent market practice, are on normal commercial terms and are fair and reasonable to the Company and the Shareholders as a whole.

In addition, Independent Shareholders should note that if all the Qualifying Shareholders decide to subscribe for their full provisional allotment of the Rights Shares, the Underwriter will not be subject to the allotment and issue of the Rights Shares in accordance with the Underwriting Agreement. Furthermore, as discussed above, the Rights Issue will (i) replenish the capital base, net assets value of the Group and enhance the financial position of the Company; (ii) allow the Qualifying Shareholders to maintain their respective pro rata shareholding in the Company and to share the potential growth of the Group; and (iii) the intended use of proceeds will increase the fund size of the Company, which is practical and efficient in terms of economies of scale when making investments, therefore, we consider that the terms of the Rights Issue are fair and reasonable, and in the interests of to the Company and the Shareholders as a whole.

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D. CONCLUSION

Having taken into consideration of the following principal factors and reasons regarding the major terms of the Rights Issue including:

- (a) the net proceeds from the Rights Issue will (i) increase the fund size of the Company, which is practical and efficient in terms of economies of scale when making investments; (ii) strengthen the cash position of the Group; and (iii) will enable the Group to be in a more advantageous position to promptly capture potential investment opportunities when they arise;
- (b) the Rights Issue would be a preferred method of equity financing as it will allow all the Qualifying Shareholders to maintain their proportionate interests in the Company and share the potential growth in the Company with enhanced capital base after the Rights Issue;
- (c) the discount of Subscription Price falls within the range of premium/discount of the subscription price of the Comparables;
- (d) the major terms and conditions of the Underwriting Agreement are in line with the market practice;
- (e) the dilution effect is not prejudicial to the Independent Shareholders' interests in the Company if they choose to subscribe for their full provisional allotment of the Rights Shares; and
- (f) the Rights Issue will enhance the net assets value of the Group and improve the liquidity position of the Group;

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

Yours faithfully,
For and on behalf of
Grand Vinco Capital Limited
Alister Chung
Managing Director

Note: Mr. Alister Chung is a licensed person registered with the Securities and Future Commission of Hong Kong and a responsible officer of Grand Vinco Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has participated in the provision of independent financial advisory services for various transactions involving companies listed in Hong Kong for over 10 years.

1. FINANCIAL INFORMATION

Financial information of the Group for the year ended 31 December 2013, the year 31 December 2014 and the year ended 31 December 2015 are disclosed on pages 42-107 of the 2013 annual report published on 3 April 2014, pages 43-119 of the 2014 annual report published on 21 April 2014 and pages 39-115 of the 2015 annual report published on 13 April 2015 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). Please refer to the hyperlinks as stated below:

2013 annual report:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0403/LTN20140403620.pdf>

2014 annual report:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0421/LTN20150421676.pdf>

2015 annual report:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0413/LTN20160413262.pdf>

2. INDEBTEDNESS OF THE GROUP

As at the close of business on 30 April 2016, being the Latest Practicable Date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this Circular, the Group had no borrowing and no credit facilities obtained from financial institutions. Assets of the Group were free from any form of legal charge. As at the close of business on 30 April 2016, the Group did not have significant contingent liabilities.

Save as aforesaid or as otherwise disclosed herein and apart for intra-group liabilities, as at the close of business on 30 April 2016, the Group did not have other outstanding mortgages, charges, debentures or other loan capital, bank overdrafts or loans, other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance or acceptable credits, guarantees or other material contingent liabilities.

3. WORKING CAPITAL STATEMENT

Taking into account the amount of the proposed Rights Issue and the financial resources available to the Group the Directors are of the opinion that the Group will have sufficient working capital to satisfy its requirements for the next twelve months from the Latest Practicable Date in the absence of unforeseeable circumstances.

4. 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 2015, being the date to which the latest published audited consolidated financial statements of the Group were made up.

5. FINANCIAL AND TRADING PROSPECTS

At long last, the US Federal Reserve in mid-December 2015 raised interest rates and kicked off what is expected to be the first in a series of hikes that will likely extend into 2016 and beyond, bringing rates above their near-zero threshold for the first time since 2008. But after months of lift-off delays and plenty of criticism from doves and hawks alike, Federal Reserve Chairwoman Janet Yellen's long-awaited rate increase seems to be more symbolic than anything else. The actual adjustment will only boost rates about 0.25 per cent. Moreover, the sharp falling of global stock markets and the introduction of negative interest rate by Japan in January 2016 will likely slow down the US interest rate normalization. There was no movement in US Federal rate since January 2016.

The eurozone's monetary policymakers have kept low interest rates, with the slump in oil prices not yet severe enough to push borrowing costs in the single currency area to fresh lows in the first three quarters of the Year. The governing council of the European Central Bank ("ECB") eventually decreased its benchmark main refinancing rate and deposit rate to 0.05 per cent and minus 0.3 per cent respectively, in December 2015, and subsequently further to 0 per cent and minus 0.4 per cent respectively on 16 March 2016. There was no movement in the above ECB rates since March 2016.

While the above ECB's decision was widely expected, some analysts believe it is only a matter of time before global economic conditions force the ECB to unleash another fresh round of monetary stimulus.

Worries about China's economic strength are at the heart of certain investors. After more than a decade of double-digit growth, during which it overtook Japan to become the world's second largest economy, things have inevitably slowed down. Last year China's gross domestic product officially expanded by 6.9%, the slowest pace for 25 years. Other economic data from China has underscored the country's significant task of rebalancing the economy away from reliance on its vast manufacturing sector and exports to a more diverse mix. The move in China's currency is also another focus in the global economic and investment markets.

Although the Group has kept recording a satisfactory financial result in the past year, in view of the uncertainties mentioned above, the Board will continue to monitor the market dynamics closely and adopt a conservative approach on investments, so as to further enhance value for the Shareholders.

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The unaudited pro forma financial information of the Group (the “Unaudited Pro Forma Financial Information”) has been prepared in accordance with paragraph 4.29(1) of the Listing Rules set out below to illustrate the effect of the proposed Right Issue on the consolidated net tangible assets of the Group as if they had taken place on 31 December 2015.

The Unaudited Pro Forma Financial Information 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 attributable to owners of the Company had the proposed Rights Issue been completed as at 31 December 2015 or at any future date.

The following Unaudited Pro Forma Financial Information of the adjusted consolidated net tangible assets of the Group attributable to owners of the Company is prepared based on the audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2015, extracted from the published audited report of the Group for the year ended 31 December 2015, with adjustment described below:

Taking into account 2,910,528,010 Shares in issue as at the Latest Practicable Date, and there will be no change in the issued share capital of the Company from the Latest Practicable Date to the date of the Record Date, 1,164,211,204 Rights Shares will be issued under the Rights Issue after the Share Consolidation becoming effective.

Audited consolidated net tangible assets attributable to owners of the Company as at 31 December 2015 <i>HK\$'000</i> <i>(Note 1)</i>	Unaudited estimated net proceeds from the Rights Issue <i>HK\$'000</i> <i>(Note 2)</i>	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company as at 31 December 2015 <i>HK\$'000</i>	Unaudited consolidated net tangible assets attributable to owners of the Company per Share before the completion of the Rights Issue <i>HK\$</i> <i>(Note 3)</i>	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share immediately after completion of the Rights Issue <i>HK\$</i> <i>(Note 4)</i>
Based on 1,164,211,204 Rights Shares at subscription price of HK\$0.25 per Rights Share				
1,043,431	280,050	1,323,481	1.79	0.76

Notes:

- (1) The audited consolidated net tangible assets attributable to owners of the Company as at 31 December 2015 has been extracted from the published annual report of the Company for the year ended 31 December 2015.
- (2) The estimated net proceeds from the Rights Issue is approximately HK\$280,050,000 are based on 1,164,211,204 Rights Shares to be issued at the Subscription Price of HK\$0.25 per Rights Share and after deducting estimated related expenses, including among others, legal and professional fees, which are directly attributable to the Rights Issue, of approximately HK\$11,002,000.
- (3) The unaudited consolidated net tangible assets of the Group per share attributable to the owners of the Company before the completion of the Rights Issue is determined based on the audited consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 December 2015 of approximately HK\$1,043,431,000 as disclosed in note 1 above, divided by 582,105,602 Consolidated Shares (assuming the Share Consolidation becomes effective on 31 December 2015) of the Company in issue as at 31 December 2015.
- (4) The unaudited pro forma adjusted consolidated net tangible assets of the Group after the completion of the Rights Issue per share is determined based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 December 2015 for the Rights Issue of approximately HK\$1,323,481,000 divided by 1,746,316,806 Shares which comprise 582,105,602 Consolidated Shares (assuming the Share Consolidation becomes effective on 31 December 2015) in issue as at 31 December 2015 and 1,164,211,204 Rights Shares to be issued after the completion of the Rights Issue.
- (5) No adjustment has been made to reflect any trading results or other transactions of the Group subsequent to 31 December 2015.

Set out below is the text of a letter received from Elite Partners CPA Limited, the Independent Reporting Accountants to the Board of Directors in respect of the Rights Issue for the purpose of inclusion in this Circular.



開元信德會計師事務所有限公司
ELITE PARTNERS CPA LIMITED
Certified Public Accountants

The Board of Directors
Unity Investments Holdings Limited
19/F, Yat Chau Building,
262 Des Voeux Road Central,
Kowloon, Hong Kong

Dear Sirs,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Unity Investments Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) by the directors of the Company (“Directors”) for illustrative purposes only. The pro forma financial information consists of the unaudited pro forma consolidated net tangible assets as at 31 December 2015, and related notes (the “Unaudited Pro Forma Financial Information”) as set out in Appendix II of the circular issued by the Company. The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described in Appendix II of this circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed right issue on the basis of one rights share at the subscription price of HK\$0.25 per rights share (the “Rights Share”) for every one existing share held on the record date (the “Rights Issue”) as if the transaction had taken place as at 31 December 2015. As part of this process, information about the consolidated statement of financial position of the Group as at 31 December 2015, as extracted from the published annual report of the Company for the year ended 31 December 2015 dated 23 March 2016.

Directors’ Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with reference to Accounting Guideline “*Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars*” (“AG 7”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion 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.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “*Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*” issued by the HKICPA. This standard requires that the reporting accountants comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of Unaudited Pro Forma Financial Information included in a prospectus is solely to illustrate the impact of the significant transaction on consolidated net tangible assets of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2015 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Your faithfully,
Elite Partners CPA Limited
Certified Public Accountants
Yip Kai Yin
Practising Certificate Number: P05131

Hong Kong, 17 June 2016

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 in 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 completion of the Rights Issue are as follows:

- (i) As at the Latest Practicable Date

Authorised:

HK\$

<u>100,000,000,000</u>	Shares of HK\$0.02 each	<u>2,000,000,000.00</u>
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Issued and fully paid or credited as fully paid:

<u>2,910,528,010</u>	Shares of HK\$0.02 each	<u>58,210,560.20</u>
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- (ii) Immediately following the Share Consolidation becoming effective and completion of the Rights Issue (assuming no further issue of new Shares or repurchase of Shares from the Latest Practicable Date up to completion of the Rights Issue) will be as follows:

Authorised:

HK\$

<u>20,000,000,000</u>	Consolidated Shares of HK\$0.10 each	<u>2,000,000,000.00</u>
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Issued and fully paid or credited as fully paid:

582,105,602	Consolidated Shares of HK\$0.10 each in issue as at the effective date of the Share Consolidation	58,210,560.20
<u>1,164,211,204</u>	Rights Shares to be issued	<u>116,421,120.40</u>
<u>1,746,316,806</u>	Shares in issue immediately after completion of the Rights Issue	<u>174,631,680.60</u>

No capital of any member of the Group was under option, or agreed conditionally or unconditionally to be put under option as at the Latest Practicable Date.

All Rights Shares, when allotted and issued, shall rank *pari passu* with each other and in all respects with each other in all respects including rights to dividends, voting and return of capital. All Rights Shares to be issued will be listed on the Stock Exchange.

The issued Shares are listed and traded on Stock Exchange. None of the securities of the Company is listed, or dealt in, on any other exchange, nor is any listing of or permission to deal in the securities of the Company being, or proposed to be, sought on any other stock exchange.

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

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

3. DISCLOSURE OF INTERESTS

(a) Directors' and chief executives' interests and short positions

As at the Latest Practicable Date, none of the Directors or the chief executive of the Company had any interests or short position 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 notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.

(b) Interest of substantial shareholders

As at the Latest Practicable Date, so far as is known to the Directors and the chief executives of the Company, each of the following persons (other than a Director or chief executive of the Company) had an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or were 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 members of the Company and were recorded in the register to be kept under section 336 of the SFO:

Long positions in the Shares and underlying Shares of the Company and its associated corporations:

Name	Capacity	Number of Shares held	Percentage of issued share capital of the Company (%)
Suncorp Securities (Note 1)	Others	1,164,211,204 (Note 2)	66.7% (Note 3)

Notes:

1. Suncorp Securities entered into the Underwriting Agreement with the Company, pursuant to which Suncorp Securities agreed to underwrite 1,164,211,204 Rights Shares (assuming no new Share or Consolidated Share being issued and/or repurchased by the Company on or before the Record Date).
2. The 1,164,211,204 Shares are the Rights Shares which Suncorp Securities as the underwriter is interested under the Underwriting Agreement on the assumption of no acceptance by the Qualifying Shareholders under the Rights Issue.
3. The percentage is calculated based on the enlarged issued share capital of the Company upon the completion of the Rights Issue, being 1,746,316,806 Consolidated Shares (assuming no further Shares being issued and/or repurchased by the Company up to the effective date of the Share Consolidation).

4. DIRECTORS' INTEREST IN SERVICE CONTRACTS

Pursuant to the appointment letter entered into between Mr. Ng Chi Hoi and the Company dated 3 December 2014, Mr. Ng is not appointed for a specific term but he will be subject to retirement by rotation and eligible for re-election pursuant to the articles of association of the Company. Mr. Ng is entitled to a remuneration of HK\$455,000 per annum, which is determined by remuneration committee of the Company, with delegated responsibility from the Board, by reference to his duties and responsibilities with the Company, his experience and the prevailing practice in the market. Subsequently approved by the Board, Mr. Ng's remuneration was adjusted to HK\$546,000 per annum with effect from 1 January 2016.

Pursuant to the appointment letter entered into between Ms. Shum Kit Lan Anita and the Company dated 6 November 2014, Ms. Shum is not appointed for a specific term but she will be subject to retirement by rotation and eligible for re-election pursuant to the articles of association of the Company. Ms. Shum is entitled to a remuneration of HK\$360,000 per annum, which is determined by remuneration committee of the Company, with delegated responsibility from the Board, by reference to her duties and responsibilities with the Company, her experience and the prevailing practice in the market. Subsequently approved by the Board, Ms. Shum's remuneration was adjusted to HK\$432,000 per annum with effect from 1 January 2016.

Pursuant to the appointment letter dated 10 October 2014 entered into between Mr. Hung Cho Sing and the Company, Mr. Hung was appointed as an independent non-executive Director for a fixed term of three years commencing from 10 October 2014. His appointment shall be subject to retirement by rotation and re-election at general meeting of the Company in accordance with the articles of association of the Company. Mr. Hung is entitled to a monthly director's fee of HK\$10,000 and such remuneration is determined with reference to his responsibilities, the Company's remuneration policy and the prevailing market condition.

Pursuant to the appointment letter dated 10 October 2014 entered into between Mr. Chan Yik Pun and the Company, Mr. Chan was appointed as an independent non-executive Director for a fixed term of three years commencing from 10 October 2014. His appointment shall be subject to retirement by rotation and re-election at general meeting of the Company in accordance with the articles of association of the Company. Mr. Chan is entitled to a monthly director's fee of HK\$10,000 and such remuneration is determined with reference to his responsibilities, the Company's remuneration policy and the prevailing market condition.

Pursuant to the appointment letter dated 19 December 2014 entered into between Ms. Chung Fai Chun and the Company, Ms. Chung was appointed as an independent non-executive Director for a fixed term of three years commencing from 19 December 2014. Her appointment shall be subject to retirement by rotation and re-election at general meeting of the Company in accordance with the articles of association of the Company. Ms. Chung is entitled to a monthly director's fee of HK\$10,000 and such remuneration is determined with reference to her responsibilities, the Company's remuneration policy and the prevailing market condition.

Save as disclosed in this section, as at the Latest Practicable Date, none of the Directors had entered or proposed to enter into any service agreements with any member of the Group, excluding contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).

5. DIRECTORS' INTEREST IN COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors and their respective associates was interested in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with the business of the Group.

6. DIRECTORS' INTEREST IN ASSETS/CONTRACTS AND OTHER INTERESTS

As at the Latest Practicable Date, none of the Directors had a material interest, either directly or indirectly, in any assets and in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party.

7. Corporate Information

Name of Directors	Correspondence Address
<i>Executive Directors</i>	
Mr. Ng Chi Hoi	19/F, Yat Chau Building 262 Des Voeux Road Central Hong Kong
Ms. Shum Kit Lan Anita	19/F, Yat Chau Building 262 Des Voeux Road Central Hong Kong
<i>Independent Non-executive Directors</i>	
Mr. Hung Cho Sing	19/F, Yat Chau Building 262 Des Voeux Road Central Hong Kong
Mr. Chan Yik Pun	19/F, Yat Chau Building 262 Des Voeux Road Central Hong Kong
Ms. Chung Fai Chun	19/F, Yat Chau Building 262 Des Voeux Road Central Hong Kong
Audit Committee	Chan Yik Pun (<i>Chairman</i>) Hung Cho Sing Chung Fai Chun

Remuneration Committee	Hung Cho Sing (<i>Chairman</i>) Chan Yik Pun Chung Fai Chun
Nomination Committee	Hung Cho Sing (<i>Chairman</i>) Chan Yik Pun Chung Fai Chun
Registered office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Principal place of business in Hong Kong	19/F, Yat Chau Building 262 Des Voeux Road Central Hong Kong
Company Secretary	Mr. Ong King Keung
Authorised representatives under the Listing Rules	
Mr. Ng Chi Hoi	19/F, Yat Chau Building 262 Des Voeux Road Central Hong Kong
Mr. Ong King Keung	19/F, Yat Chau Building 262 Des Voeux Road Central Hong Kong
Hong Kong share registrar and transfer office	Tricor Tengis Limited Level 22, Hopewell Centre 183 Queen's Road East Hong Kong
Auditors	Elite Partners CPA Limited 10/F, 8 Observatory Road Tsim Sha Tsui Kowloon Hong Kong

Investment Manager	China Everbright Securities (HK) Limited 24/F, Lee Garden One, 33 Hysan Avenue Causeway Bay Hong Kong
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Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited	1 Des Voeux Road Central Hong Kong
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Chong Hing Bank Limited	Chong Hing Bank Centre 24 Des Voeux Road Central Hong Kong
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Dah Sing Bank, Limited	36/F Dah Sing Financial Centre 108 Gloucester Road Hong Kong
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Stock code	913
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Website	www.unity913.com www.irasia.com/listco/hk/unity/index.htm
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8. PARTIES INVOLVED IN THE RIGHTS ISSUE

The Company	Unity Investments Holdings Limited 19/F, Yat Chau Building 262 Des Voeux Road Central Hong Kong
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Underwriter	Suncorp Securities Limited Room 3616, 36/F, Cosco Tower 183 Queen's Road Central Hong Kong
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Financial adviser of the Company	Opus Capital Limited 18/F, Fung House 19-20 Connaught Road Central Central Hong Kong
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Legal adviser to the Company as to Hong Kong laws	TANG TSO & LAU Solicitors Room 209, 2/F China Insurance Group Building 141 Des Voeux Road Central Hong Kong
Auditors and reporting accountant	Elite Partners CPA Limited 10/F, 8 Observatory Road Tsim Sha Tsui Kowloon Hong Kong
Independent financial adviser to the Independent Board Committee and the Independent Shareholders	Grand Vinco Capital Limited Units 4909-4910, 49/F, The Center 99 Queen's Road Central Hong Kong
Hong Kong share registrar and transfer office	Tricor Tengis Limited Level 22, Hopewell Centre 183, Queen's Road East Hong Kong

9. MATERIAL CONTRACTS

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

- (a) the investment management agreement entered into between the Company and China Everbright Securities (HK) Limited dated 6 January 2015, for an annual management fee of HK\$600,000 paid to China Everbright Securities (HK) Limited;
- (b) the underwriting agreement entered into between the Company and Enerchine Securities Limited dated 15 December 2014 in relation to the underwriting arrangement in respect of an open offer with a 2.5% underwriting commission; and
- (c) the Underwriting Agreement.

10. LITIGATION

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

11. DIRECTORS OF THE COMPANY**Executive Directors**

Mr. Ng Chi Hoi, aged 46, holds a Master degree of Finance of Hong Kong Polytechnic University and a Bachelor degree of Business Administration of Hong Kong Baptist University. Mr. Ng has over 19 years of experience in the financial services industry, and has joined the Company as an executive Director on 3 December 2014. He is also the Chairman, Chief Executive Officer and a director of the subsidiaries of the Company.

Ms. Shum Kit Lan Anita, aged 54, is a director and a responsible officer of Chariot Capital Management Limited (“CCML”). She is currently a licensed person to carry out type 9 (asset management) regulated activity under the SFO. Ms. Shum has a wealth of working experience in securities advisory, corporate finance, corporate management and fund management. Prior to joining CCML, she worked in HT Capital Management Limited for 13 years as a senior manager and a responsible officer. Ms. Shum was appointed as an executive Director on 6 November 2014.

Independent Non-Executive Directors

Mr. Hung Cho Sing, aged 75, has over 30 years of experience in the film distribution industry and founded Delon International Film Corporation in 1970. Mr. Hung has been the chairman of Hong Kong, Kowloon and New Territories Motion Picture Industry Association Limited since 1991 and was the chairman of Hong Kong Film Awards Association Limited from 1993 to 1995. Mr. Hung was appointed by the Hong Kong Special Administrative Region (“HKSAR”) Government as a member of the Hong Kong Film Development Council from 2007 to 31 March 2013. Mr. Hung was also appointed as a consultant of the China Film Association since 2013. Mr. Hung is also a member of HKSAR Election Committee and a vice chairman of the Cultural Profession Committee of the Guangdong, Hong Kong and Macau Cooperation Promotion Council (廣東省粵港澳合作促進會文化專業委員會副主任委員). Mr. Hung was awarded the Bronze Bauhinia Star (BBS) by the HKSAR Government in 2005 in recognition of his contribution to the Hong Kong Film industry. Mr. Hung has been appointed by the HKSAR Government as member of the Working Group on Manufacturing Industries, Innovative Technology, and Cultural and Creative Industries under the Economic Development Commission on an ad personam basis for a term of two years with effect from 17 January 2013 and re-appointed for a term of two years from 17 January 2015. Mr. Hung is currently an executive director of Universe International Holdings Limited (stock code: 1046) and the chairman and an executive director of Jia Meng Holdings Limited (stock code: 8101). He is also an independent non-executive director of Freeman Financial Corporation Limited (stock code: 279), China Star Entertainment Limited (stock code: 326), Miko International Holdings Limited (stock code: 1247) and Sunrise (China) Technology Group Limited (stock code: 8226). Mr. Hung was a non-executive director of Capital VC Limited (stock code: 2324) from September 2011 to January 2014 and Mascotte Holdings Limited (stock code: 136, now known as HengTen Networks Group Limited). Mr. Hung was appointed as independent non-executive Director on 10 October 2014.

Mr. Chan Yik Pun, aged 34, is currently working in a sole proprietorship, which engages in the provision of accounting consultancy services to private entities. He holds a Bachelor Degree of Business (Major in Accounting) awarded by Monash University in 2004. Mr. Chan is a member of the Hong Kong Institute of Certified Public Accountants. Mr. Chan has over 10 years of experience in accounting and auditing field. Mr. Chan was appointed as independent non-executive Director on 10 October 2014. He has been appointed as an independent non-executive director of Chaoda Modern Agriculture (Holdings) Limited (stock code: 682) on 5 January 2015.

Ms. Chung Fai Chun, aged 50, is currently a deputy general manager of a watchcase factory. She has over 16 years' ample experience in the watchcase production industry, and has a wealth of experience in marketing, business operation and management. Ms. Chung was appointed as independent non-executive Director on 19 December 2014.

12. MISCELLANEOUS

- (a) The company secretary of the Company is Mr. Ong King Keung ("**Mr. Ong**"). Mr. Ong is a member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. He has extensive experience in company secretarial practices in respect of listed companies.
- (b) The registered office the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (c) The principal place of business in Hong Kong is 19/F, Yat Chau Building, 262 Des Voeux Road Central, Hong Kong.
- (d) The Hong Kong share registrar and transfer office of the Company is Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (e) As at the Latest Practicable Date, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.
- (f) In case of any inconsistency, the English text of this Circular shall prevail over its Chinese text.

13. EXPERT AND CONSENT

The following are the names and the qualifications of the professional advisers who have given opinions or advice which are contained or referred to in this Circular:

Name	Qualification
Elite Partners CPA Limited	Certified Public Accountants
Grand Vinco Capital Limited	Corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, each of Elite Partners CPA Limited and Vinco Capital had no beneficial interest in the share capital of any member of the Group nor any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group or have any interest, either directly or indirectly, in any assets which have been, since 31 December 2015, being the date to which the latest published audited consolidated accounts of the Group were made up, acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

Each of Elite Partners CPA Limited and Vinco Capital has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its reports and/or its letters and/or references to its name and/or its advice in the form and context in which they respectively appear.

14. EXPENSES

The expenses in connection with the Rights Issue, including financial advisory fees, underwriting commission, printing, registration, translation, legal and accountancy charges are estimated to be approximately HK\$11.0 million, which are payable by the Company.

15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours (i.e. from 9:30 a.m. to 6:00 p.m. on Monday to Friday) at the principal place of business of the Company in Hong Kong at 19/F, Yat Chau Building, 262 Des Voeux Road Central, Hong Kong from the date of this Circular up to and including the EGM:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for the years ended 31 December 2013, 2014 and 2015; and
- (c) the material contracts referred to the paragraph headed “Material Contracts” to this appendix;

- (d) the service contracts disclosed in the paragraph under the heading “Service Contracts” in this appendix;
- (e) the letter of recommendation from the Independent Board Committee, the text of which is set out on pages 31 to 32 of this Circular;
- (f) the letter of advice from Independent Financial Adviser, the text of which is set out on pages 33 to 54 of this Circular;
- (g) the accountants’ report on the unaudited pro forma financial information of the Group set out in Appendix II to this Circular;
- (h) the letters of consent referred to under the paragraph headed “Experts and Consents” in this appendix; and
- (i) this Circular.

This appendix serves as an additional disclosure requirement pursuant to Rule 21.09 of the Listing Rules in connection with the listing document of investment companies. 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. The Directors and the directors of the Investment Manager collectively and individually accept full responsibility for the accuracy of the information contained in this appendix and confirm, having made all reasonable enquiries that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

INFORMATION ON THE INVESTMENT MANAGER AND THE CUSTODIAN

Investment Manager	China Everbright Securities (HK) Limited 24/F, Lee Garden One 33, Hysan Avenue Causeway Bay Hong Kong
Directors of the Investment Manager	Cheung Pang To 24/F, Lee Garden One 33, Hysan Avenue Causeway Bay Hong Kong
	So Hin Pong 24/F, Lee Garden One 33, Hysan Avenue Causeway Bay Hong Kong
	Li Bingtao 24/F, Lee Garden One 33, Hysan Avenue Causeway Bay Hong Kong
	Ho Chi Ho 24/F, Lee Garden One 33, Hysan Avenue Causeway Bay Hong Kong
Custodian	Chong Hing Bank Limited Chong Hing Bank Centre 24 Des Voeux Road Central Hong Kong

The Investment Manager

CES is a company incorporated in Hong Kong on 4 January 1991 with limited liability and is a licensed corporation to carry out 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.

The biographical details of the directors of the Investment Manager are set out as follows:

Mr. Cheung Pang To

Mr. Cheung Pang To (“**Mr. Cheung**”) is the managing director and one of the responsible officers of CES. Mr. Cheung is currently licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO accredited to CES. He is also licensed to carry out Type 2 (dealing in futures contracts), Type 3 (leveraged foreign exchange trading), Type 5 (advising on futures contracts) and Type 9 (asset management) regulated activities accredited to China Everbright Forex & Futures (HK) Limited.

Mr. Cheung has over twenty years of experience in the finance and investment industry. In the past, he has been working in dealing, marketing and portfolio management and operations and has also been actively involved in the investment management industry for the last ten years.

Mr. So Hin Pong

Mr. So Hin Pong (“**Mr. So**”) is a director and one of the responsible officers of CES. Mr. So is currently licensed to carry out 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 accredited to CES. He is also licensed to carry out Type 2 (dealing in futures contracts), Type 3 (leveraged foreign exchange trading), Type 5 (advising on futures contracts) and Type 9 (asset management) regulated activities accredited to China Everbright Forex & Futures (HK) Limited, and Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities accredited to China Everbright Securities Asset Management Limited.

Mr. So has over twenty years of experience in the finance and investment industry. In the past, he has been working in dealing, marketing and portfolio management and operations and has also been actively involved in the investment management industry for the last ten years.

Mr. Li Bingtao

Mr. Li Bingtao (“**Mr. Li**”) is the director of CES. He joined CES on 13 October 2014. Mr. Li holds several degrees including a Master of Arts from New York University. Mr. Li started his financial career at Lianhe Securities in 2001, and worked for Washington Mutual and JP Morgan Chase Bank later on. From April 2009 to March 2014, Mr. Li served at China Securities Regulation Committee, and joined Everbright Securities Company Limited in April 2014. Since September 2014, Mr. Li has been the executive director and chief executive officer of China Everbright Securities International Limited. Mr. Li also holds the CFA and FRM designation.

Mr. Ho Chi Ho

Mr. Ho Chi Ho (“**Mr. Ho**”) is the director of China Everbright Capital Limited and CES. He joined China Everbright Capital Limited on 20 June 2005. Mr. Ho graduated from the Chinese University of Hong Kong in 1996 with a bachelor degree in Business Administration. Mr. Ho has been in the corporate finance industry for over 16 years. Mr. Ho is the principal and the responsible officer for carrying on Types 1, 4, 6 regulated activities pursuant to the SFO of China Everbright Capital Limited and CES. Prior to joining China Everbright Capital Limited, Mr. Ho worked for Guotai Junan Capital Limited and First Shanghai Capital Limited as their senior management.

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 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 Company, or any reallowance of other types on purchases charged to the 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 likely 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:

- (a) 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 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.

- (b) 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.
- (c) 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 cooperation between such companies would be of mutual benefit to each other.
- (d) 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.

There are no requirements under the Listing Rules and/or the Articles that any alterations to the investment objectives and policies of the Company require Shareholders' approval except that Chapter 21 of the Listing Rules require, inter alia, that the investment objectives and policies as set out in the listing document at the time of listing will not be changed for at least 3 years without the consent of shareholders of the investment company in general meeting. Therefore, the investment objectives and policies of the Company as stated above may be altered without Shareholders' approval. As at the Latest Practicable Date, the Board has no present intention to change the stated investment objectives and policies above.

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:

- (a) 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 Takeovers Code 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.
- (b) 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.

- (c) 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.
- (d) 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 (a) and (b) 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.

The investment restrictions set out in items (c) and (d) above can only 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.

As the Latest Practicable Date, the Company's investment portfolio does not consist of investments in options, warrants, commodities, futures contracts and precious metals. Save for the unlisted securities, the Company has no present intention to invest in options, warrants, commodities, futures contracts and precious metals, it may do so in the future should suitable opportunities or market condition arise.

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.

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 currently pays the Investment Manager a monthly investment management fee payable at HK\$50,000 per month from 7 January 2015 up to 6 January 2018.

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.

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.

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.

FOREIGN CURRENCY MANAGEMENT AND EXCHANGE CONTROL

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

INVESTMENT PORTFOLIO

The following are the details of the ten largest investments and all individual investments with value exceeding 5% of the Group's gross assets as at 31 December 2015, which derived from the annual report of the Group for the year ended 31 December 2015:

Notes	Name of investee company	Number of shares held	Effective shareholding interest	Acquisition cost (HK\$'000)	Carrying amount as at 31 December 2015 (HK\$'000)	Accumulated impairment on investments	Accumulated unrealised holding gain (loss) arising on revaluation (HK\$'000)	Dividend received/receivable during the year (HK\$'000)	Classification of financial assets
1	L&A International Holdings Limited	112,456,000	2.81%	117,509	293,510 (Note 11)	–	176,001	–	Held for trading
2	Keen Champ Investments Limited	16	16.00%	128,000	98,700 (Note 12)	(29,300)	(29,300)	–	Assets classified as held for sale
3	WLS Holdings Limited	252,000,000	1.97%	9,450	90,720 (Note 11)	–	81,270	–	Held for trading
4	Starfame Investments Limited	297	29.70%	90,000	90,000 (Note 11)	–	–	–	Available-for-sale
5	Pure Power Holdings Limited	2,068	24.33%	188,000	82,500 (Note 11)	(105,500)	(105,500)	–	Available-for-sale
6	China Kingstone Mining Holdings Limited	549,660,831	15.10%	58,814	82,449 (Note 11)	–	23,635	–	Held for trading
7	Peak Zone Group Limited	2,990	29.90%	90,000	78,300 (Note 12)	(11,700)	(11,700)	–	Assets classified as held for sale
8	China National Culture Group Limited	485,000,000	4.94%	48,500	32,010 (Note 11)	–	(16,490)	–	Held for trading
9	Suncorp Technologies Limited	243,900,000	1.60%	97,560	30,244 (Note 11)	–	(67,316)	–	Available-for-sale
10	SEEC Media Group Limited	220,000,000	3.45%	58,333	28,380 (Note 11)	–	(29,953)	–	Held for trading

Notes:

1. L&A International Holdings Limited (“**L&A INTL.**”) was incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 8195). L&A INTL. is principally engaged in manufacturing and selling pure cashmere apparel and other apparel products. For the financial year ended 31 March 2015, the audited consolidated loss attributable to equity holders of L&A INTL. was HK\$18,391,000 with basic and diluted loss per share of HK\$0.0053 respectively. As at 31 March 2015, its audited consolidated net assets attributable to the equity holders was HK\$128,617,000. For the nine months ended 31 December 2015, the unaudited consolidated loss attributable to equity holders of L&A INTL. was HK\$4,082,000 with basic and diluted loss per share of HK\$0.0010 respectively. As at 31 December 2015, its unaudited consolidated net assets attributable to the equity holders was HK\$121,993,000.
2. The place of incorporation and the principal activities of Keen Champ Investments Limited (“**Keen Champ**”) are detailed in note 12(i) of these financial statements. For the financial year ended 31 December 2015, the unaudited consolidated net loss attributable to equity holders of Keen Champ was HK\$1,939,000. As at 31 December 2015, its unaudited consolidated net liabilities attributable to the equity holders was HK\$8,499,000.
3. WLS Holdings Limited (“**WLS Holdings**”) incorporated in the Cayman Islands as an exempted company and continued in Bermuda with limited liability and its shares are listed on the Growth Enterprise Market of the Stock Exchange (stock code: 8021). The principal activities of WLS Holdings are the provision of scaffolding and fitting out services, management contracting services, and other services for construction and buildings work and money lending business. For the financial year ended 30 April 2015, the audited consolidated loss attributable to equity holders of WLS Holdings was HK\$9,655,000 with basic and diluted loss per share of HK\$0.0090 respectively. As at 30 April 2015, its audited consolidated net assets attributable to the equity holders was HK\$298,226,000. For the nine months ended 31 January 2016, the unaudited consolidated loss attributable to equity holders of WLS Holdings was HK\$16,156,000 with basic and diluted loss per share of HK\$0.0025 respectively. As at 31 January 2016, its unaudited consolidated net assets attributable to the equity holders was HK\$803,873,000.
4. The place of incorporation and the principal activities of Starfame Investments Limited (“**Starfame**”) are detailed in note 15(c) (ii) of these financial statements. For the financial year ended 31 December 2015, the unaudited consolidated net profit attributable to equity holders of Starfame was HK\$27,722,000. As at 31 December 2015, its unaudited consolidated net assets attributable to the equity holders was HK\$134,097,000. The fair value was arrived by the Directors with reference to the valuation conducted by an independent professional valuer.
5. The place of incorporation and the principal activities of Pure Power Holdings Limited (“**Pure Power**”) are detailed in note 15(c) (i) of these financial statements. For the financial year ended 31 December, 2015, the unaudited consolidated net loss attributable to equity holders of Pure Power was US\$151,000. As at 31 December, 2015, its unaudited consolidated net liability attributable to the equity holders was US\$575,000. The fair value was arrived by the Directors with reference to the valuation conducted by an independent professional valuer.
6. China Kingstone Mining Holdings Limited (“**China Kingstone**”) was incorporated as an exempted company with limited liability in the Cayman Islands and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1380). China Kingstone was principally engaged in the production and sale of marble and marble related products mainly in China. For the financial statement year ended 31 December 2015, the audited consolidated loss attributable to equity holders was RMB196,265,000 with basic and diluted loss per share of RMB5.87 cents respectively. As at 31 December 2015, its audited consolidated net assets attributable to the equity holders was RMB205,851,000.
7. The place of incorporation and the principal activities of Peak Zone Group Limited (“**Peak Zone**”) are detailed in note 12(ii) of these financial statements. For the financial year ended 31 December 2015, the unaudited consolidated net profit attributable to equity holders of Peak Zone was HK\$2,200,000. As at 31 December 2015 its unaudited consolidated net assets attributable to the equity holders was HK\$5,276,000. As at 31 December 2015, the recoverable amount of Peak Zone has been assessed by the Directors by reference to transactions after the end of the reporting period.

8. China National Culture Group Limited (“**CNCG**”) was incorporated as an exempted company with limited liability in the Cayman Islands and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 745). The principal activity of CNCG is investing holding. For the financial year ended 31 March 2015, the audited consolidated loss attributable to equity holders of CNCG was HK\$159,994,000 with basic and diluted loss per share of HK\$0.0214 respectively. As at 31 March 2015, its audited consolidated net assets attributable to the equity holders was HK\$301,770,000. For the six months ended 30 September 2015, the unaudited consolidated profit attributable to equity holders of CNCG was HK\$506,745,000 with basic and diluted earnings per share of HK\$0.0904 respectively. As at 30 September 2015, its unaudited consolidated net assets attributable to the equity holders was HK\$1,288,804,000.
9. Suncorp Technologies Limited (“**Suncorp Tech**”) was incorporated in Bermuda and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1063). Suncorp Tech is principally engaged in the design and sales of telephone and related products, processing and trading of used computer-related components. For the financial year ended 31 December 2015, the audited consolidated profit attributable to equity holders of Suncorp Tech was HK\$50,919,000 with basic and diluted earnings per share of HK\$0.0035 and HK\$0.0034 respectively. As at 31 December 2015, its audited consolidated net assets attributable to the equity holders was HK\$623,644,000.
10. SEEC Media Group Limited (“**SEEC Media**”) was incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 205). The principal activity of SEEC Media is investment holding. Its principal subsidiaries and joint ventures are engaged in the provision of advertising agency services and distribution of books and magazines in the People’s Republic of China. For the financial year ended 31 December 2015, the audited consolidated loss attributable to equity holders of SEEC Media was HK\$200,113,000 with basic and diluted loss per share of HK\$0.1058 respectively. As at 31 December 2015, its audited consolidated net assets attributable to the equity holders was HK\$945,480,000.
11. The carrying amounts represent their market values/fair values.
12. The carrying amounts represent the cost less impairment.

Pursuant to the requirements stipulated in Rule 21.12 of the Listing Rules, the Company did not make any provision for diminution in value of investments of the Group as at 31 December 2015.

NOTICE OF EGM



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 OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of Unity Investments Holdings Limited (the “**Company**”) will be held at Best Western Plus Hotel Hong Kong, 308 Des Voeux Road West, Hong Kong at 11:00 a.m. on Tuesday, 5 July 2016, for the purpose of considering and, if thought fit, passing (with or without amendments) the following ordinary resolutions:

ORDINARY RESOLUTIONS

1. “**THAT** subject to and conditional upon The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the Consolidated Shares (as defined below) arising from the Share Consolidation (as defined below), with effect from the first business day immediately following the date on which this resolution is passed or the above condition is fulfilled (whichever is later):
 - (a) every five (5) issued and unissued shares of a par value of HK\$0.02 each in the existing share capital of the Company be and are hereby consolidated (the “**Share Consolidation**”) into one (1) share of a par value of HK\$0.10 each (the “**Consolidated Shares**”); and
 - (b) the directors of the Company (the “**Directors**”) or a committee hereof be and are hereby authorised to do all such acts and things and execute all such documents on behalf of the Company, including under seal where applicable, as they may consider necessary or expedient to give effect to the Share Consolidation and to aggregate all fractional Consolidated Shares and sell them for the benefits of the Company.”
2. “**THAT** subject to the passing of ordinary resolution no. 1 and conditional upon: (i) the Share Consolidation (as defined in resolution no. 1 above) has become effective; and (ii) fulfillment or waiver (where applicable) of the conditions of the Underwriting Agreement (as defined below):
 - (a) the allotment and issue of 1,164,211,204 Consolidated Shares (in their nil paid and fully paid form) (the “**Rights Shares**”) by way of rights (the “**Rights Issue**”) at a subscription price of HK\$0.25 per Rights Share to the qualifying holders of the Consolidated Shares (the “**Qualifying Shareholders**”) of the Company whose names appear on the register of members of the Company on Friday, 15 July 2016 (or such later date as the Company and the Underwriter (as defined below) may agree to be the record date for the Rights Issue) (the

NOTICE OF EGM

“**Record Date**”) other than those shareholders with addresses as shown on the register of members of the Company on the Record Date are outside Hong Kong whom the Directors, after making relevant enquiry, consider their exclusion from the Rights Issue to be necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place (the “**Excluded Shareholders**”) as described in further details in the Company’s circular dated 17 June 2016 on the basis of two (2) Rights Share for every one (1) Consolidated Share held on the Record Date and on and subject to such terms and conditions as may be determined by the Directors and otherwise pursuant to and subject to the fulfillment of the conditions set out in the underwriting agreement (the “**Underwriting Agreement**”) including all supplemental agreement(s) relating thereto (if any) (a copy of which has been produced to this meeting marked “A” and signed by the chairman of this meeting for the purpose of identification) dated 23 May 2016 and made between the Company and Suncorp Securities Limited as underwriter (the “**Underwriter**”), and the transactions contemplated thereunder, be and are hereby approved;

- (b) any one Director be and is hereby authorised to allot and issue the Rights Shares (in their nil paid and fully paid form) pursuant to or in connection with the Rights Issue notwithstanding that the same may be offered, allotted or issued otherwise than pro rata to the Qualifying Shareholders and, in particular, the Directors may make such exclusions or other arrangements in relation to Excluded Shareholders as they deem necessary or expedient having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong;
- (c) the entering into of the Underwriting Agreement by the Company be and is hereby approved, confirmed and ratified and the performance of the transactions contemplated thereunder by the Company (including but not limited to the arrangements for taking up of the underwritten Rights Shares, if any, by the Underwriter) be and are hereby approved; and
- (d) any one Director be and is hereby authorised to sign and execute such documents and do all such acts and things incidental to the Rights Issue or as he/she considers necessary, desirable or expedient in connection with the implementation of or giving effect to the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder or in this resolution.”

By order of the Board
Unity Investments Holdings Limited
合一投資控股有限公司
NG Chi Hoi
Chairman

Hong Kong, 17 June 2016

NOTICE OF EGM

Notes:

1. Any shareholder entitled to attend and vote at the extraordinary general meeting shall be entitled to appoint another person as his/her proxy to attend and vote instead of him/her. A shareholder who is the holder of two or more shares may appoint more than one proxy to represent him/her and vote on his/her behalf. A proxy need not to be a shareholder of the Company.
2. In order to be valid, a form of proxy together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for the extraordinary general meeting (or any adjournment thereof).
3. Completion and delivery of a form of proxy shall not preclude a shareholder from attending and voting in person at the extraordinary general meeting and in such event, the instrument appoint a proxy shall be deemed to be revoked.
4. Where there are joint holders of any shares, any one of such joint holder may vote, either in person or by proxy in respect of such shares as if he/she was solely entitled hereto; but if more than one of such joint holders be present at the extraordinary general meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company.
5. A form of proxy for use at the extraordinary general meeting is attached herewith.
6. Any voting at the extraordinary general meeting shall be taken by poll.
7. The form of proxy shall be in writing under the hand of the appointer or his attorney duly authorized in writing or, if the appointer is a corporation, either under its seal or under the hand of an officer, attorney or other person authorized to sign the same.

As at the date of this notice, the board comprises:

Executive Directors:

Mr. NG Chi Hoi

(Chairman and Chief Executive Officer)

Ms. SHUM Kit Lan Anita

Independent non-executive Directors:

Mr. HUNG Cho Sing

Mr. CHAN Yik Pun

Ms. CHUNG Fai Chun