
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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

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

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

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



Unity Investments Holdings Limited

合一投資控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 913)

PROPOSED RIGHTS ISSUE OF 1,565,797,810 RIGHTS SHARES AT A PRICE OF HK\$0.12 PER RIGHTS SHARE ON THE BASIS OF FIVE RIGHTS SHARES FOR EVERY ADJUSTED SHARE HELD ON RECORD DATE BY QUALIFYING SHAREHOLDERS

Underwriter



hennabun

CHUNG NAM SECURITIES LIMITED

The latest time for acceptance of, and payment for, the Rights Shares is 4:00 p.m. on Thursday, 29 May 2008. The procedure for acceptance and payment and/or transfer of the Rights Shares is set out on pages 16 to 17 of this Prospectus.

It should be noted that the Underwriting Agreement contains provisions entitling the Underwriter, by notice in writing to the Company, to terminate the obligations of the Underwriter if at any time prior to 4:00 p.m. on the Settlement Date, if there occurs:

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

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

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

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

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

It should also be noted that the Shares will be traded on an ex-rights basis as from Monday, 5 May 2008 and that dealings in the Rights Shares in their nil-paid form will commence from Monday, 19 May 2008 to Monday, 26 May 2008 (both dates inclusive), when the conditions to which the Rights Issue subject to are yet to be fulfilled.

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

15 May 2008

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DEFINITIONS

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

“Acceptance Date”	4:00 p.m. on Thursday, 29 May 2008 (or such other date as the Underwriter may agree in writing with the Company as the latest date for acceptance of, and payment of, Rights Shares)
“Adjustment Proposal”	the proposal which was approved by the Shareholders at the EGM for (i) the reduction in nominal value of the Shares from HK\$0.10 each to HK\$0.01 each by cancelling HK\$0.09 paid up on each Share; and (ii) the application of the credit arising from the reduction to cancel the accumulated losses of the Company (if any) and transfer of the entire amount or the balance (as the case may be) to the distributable capital reduction reserve account of the Company and as described the section headed “Proposed Capital Reorganisation” in the circular of the Company dated 7 January 2008
“Adjusted Shares”	ordinary share(s) of HK\$0.10 each in the capital of the Company immediately after the Capital Reorganisation becoming effective
“associate”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	a full day (other than a Saturday and Sunday) on which banks are generally open for business in Hong Kong
“Capital Reorganisation”	the Adjustment Proposal and the Share Consolidation
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	Unity Investments Holdings Limited 合一投資控股有限公司, a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Stock Exchange

DEFINITIONS

“Connected Person(s)”	has the meaning ascribed thereto in the Listing Rules
“Court”	The Grand Court of the Cayman Islands
“Director(s)”	director(s) of the Company
“EAF”	the excess application form(s) to be issued in connection with the Rights Issue
“EGM”	the extraordinary general meeting of the Company convened and held on Wednesday, 30 January 2008 at 9:00 a.m. at 30th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong at which the resolutions to approve the Capital Reorganisation and the Rights Issue were passed
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Issue Mandate”	the general mandate granted to the Directors to allot, issue and deal with the Shares up to a maximum of 20% of the aggregate amount of the share capital of the Company in issue as at the date of the extraordinary general meeting of the Company held on 5 December 2007
“Last Trading Day”	7 December 2007, being the last trading day before the suspension of the trading of the Shares, pending the release of the announcement dated 12 December 2007 in relation to the proposed Capital Reorganisation and the proposed Rights Issue
“Latest Practicable Date”	8 May 2008, being the latest practicable date prior to the printing of this Prospectus for ascertaining certain information contained herein

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Non-Qualifying Shareholder(s)”	Shareholder(s) whose names appear on the register of members of the Company on the Record Date and whose address(es) as shown on such register is/are in a place(s) outside Hong Kong in respect of whom the Directors consider the exclusion from the Rights Issue to be necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Option(s)”	the share option(s) to subscribe up to an aggregate of 313,159,562 Shares pursuant to the scheme mandate limit available to the Company under the Share Option Scheme as at the Latest Practicable Date pursuant to the Share Option Scheme
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear on the register of members of the Company at the close of business on the Record Date and whose address(es) as shown on such register is/are in a place(s) outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) to be issued in connection with the Rights Issue
“Posting Date”	15 May 2008, the expected date for despatch of the Prospectus Documents to the Qualifying Shareholders or the Prospectus to the Non-Qualifying Shareholders (as the case may be)
“PRC”	the People’s Republic of China which, for the purpose of this Prospectus, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Prospectus”	the prospectus to be issued by the Company containing details of the Rights Issue
“Prospectus Documents”	the Prospectus, PAL and EAF
“Qualifying Shareholder(s)”	Shareholder(s), other than the Non-Qualifying Shareholder(s), whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date

DEFINITIONS

“Record Date”	14 May 2008, being the date or such other date as the Underwriter may agree in writing with the Company by reference to which entitlements to the Rights Issue are expected to be determined
“Reduced Shares”	ordinary shares of HK\$0.01 each in the capital of the Company upon completion of the Adjustment Proposal
“Registrar”	Tricor Tengis Limited, whose address is at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong
“Rights Issue”	the issue by way of rights of five Rights Shares for every one Adjusted Share in issue on the Record Date at a price of HK\$0.12 per Rights Share
“Rights Share(s)”	new Adjusted Share(s) to be issued and allotted under the Rights Issue, being 1,565,797,810 Adjusted Shares
“Settlement Date”	2 June 2008, the date being the second Business Day following the Acceptance Date (or such other date as the Underwriter may agree in writing with the Company)
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	existing share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s), Reduced Share(s) or Adjusted Share(s) (as the case may be)
“Share Consolidation”	the consolidation of every ten Reduced Shares of HK\$0.01 in the capital of the Company into one Adjusted Share
“Share Option Scheme”	the share option scheme of the Company adopted on 2 May 2003
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Underwriter”	Chung Nam Securities Limited, a corporation deemed licensed under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) to carry out type 1 regulated activity (dealing in securities), which is not a Connected Person of the Company
“Underwriting Agreement”	the underwriting agreement dated 10 December 2007 (as amended by supplemental agreements dated 12 December 2007 and 14 March 2008) entered into between the Company and the Underwriter in relation to the underwriting and certain other arrangements in respect of the Rights Issue
“%” or “per cent.”	percentage or per centum

EXPECTED TIMETABLE OF THE RIGHTS ISSUE

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

2008

Register of members to be closed	Wednesday, 7 May to Wednesday, 14 May (both dates inclusive)
Record Date	Wednesday, 14 May
Effective date of the Capital Reorganisation	after 4:00 p.m., Wednesday, 14 May
Register of members to be re-opened	Thursday, 15 May
Prospectus Documents to be posted	Thursday, 15 May
Commencement of dealings in Adjusted Shares	Thursday, 15 May
Original counter for trading in Shares (in board lots of 4,000 Shares) to be closed	9:30 a.m., Thursday, 15 May
Temporary counter for trading in Adjusted Shares in board lots of 400 Adjusted Shares (in form of existing share certificates) to be opened	9:30 a.m., Thursday, 15 May
Free exchange of existing share certificates for new share certificates for the Adjusted Shares commences	Thursday, 15 May
First day of dealings in nil-paid Rights Shares	Monday, 19 May
Latest time for splitting of nil-paid Rights Shares	4:30 p.m., Wednesday, 21 May
Last day of dealings in nil-paid Rights Shares	Monday, 26 May
Designated broker starts to stand in the market to provide matching services for the sale and purchase of odd lots of Adjusted Shares	9:30 a.m., Thursday, 29 May
Original counter for trading in Adjusted Shares (in board lots of 10,000 Adjusted Shares) to be re-opened	9:30 a.m., Thursday, 29 May

EXPECTED TIMETABLE OF THE RIGHTS ISSUE

Parallel trading in Adjusted Shares

(in form of new and existing certificate) begins 9:30 a.m., Thursday, 29 May

Latest time for payment for and acceptance of Rights Shares 4:00 p.m., Thursday, 29 May

Rights Issue expected to become unconditional after 4:00 p.m., Monday, 2 June

Announcement of results of acceptance and excess

application of the Rights Issue Wednesday, 4 June

Despatch of refund cheques for wholly and partially

unsuccessful excess applications Thursday, 5 June

Despatch of certificates for fully-paid Rights Shares Thursday, 5 June

First day of dealings in the fully-paid Rights Shares Tuesday, 10 June

Temporary counter for trading in Adjusted Shares in

board lots of 400 Adjusted Shares

(in form of existing share certificates) to be closed 4:00 p.m., Friday, 20 June

Parallel trading in Adjusted Shares

(in form of new and existing certificate) ends 4:00 p.m., Friday, 20 June

Designated broker ceases to stand in the market to

provide matching services for the sale and

purchase of odd lots of Adjusted Shares 4:00 p.m., Friday, 20 June

Free exchange of existing share certificates for

new share certificates for the Adjusted Shares ends 4:00 p.m., Wednesday, 25 June

Notes:

- (i) All times and dates in this Prospectus refer to Hong Kong local times and dates. Dates or deadlines specified in expected timetable above are indicative only. Any changes to the expected timetable will be published or notified to Shareholders appropriately.

EXPECTED TIMETABLE OF THE RIGHTS ISSUE

- (ii) Latest time for acceptance of and payment for Rights Shares will not take place if there is:
- a tropical cyclone warning signal number 8 or above; or
 - a “black” rainstorm warning
- (a) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the last acceptance date as stated above. Instead the latest time of acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day;
- (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the last acceptance date as stated above. Instead, the latest time of acceptance of and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day on which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m..

TERMINATION OF THE UNDERWRITING AGREEMENT

TERMINATION OF THE UNDERWRITING AGREEMENT

It should be noted that the Underwriting Agreement contains provisions entitling the Underwriter, by notice in writing to the Company, to terminate the obligations of the Underwriter if at any time prior to 4:00 p.m. on the Settlement Date, if there occurs:

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

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

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

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

TERMINATION OF THE UNDERWRITING AGREEMENT

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

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

LETTER FROM THE BOARD



Unity Investments Holdings Limited

合一投資控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 913)

Executive Directors:

Mr. KITCHELL Osman Bin

(Chairman and Chief Executive Officer)

Ms. CHOI Ka Wing

Independent non-executive Directors:

Mr. CHUNG Kong Fei, Stephen

Mr. TSANG Wing Ki

Ms. SWARTZ Kristi Lynn

Registered office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Principal place of business

in Hong Kong:

Room 2206, 22nd Floor

China United Centre

28 Marble Road

North Point

Hong Kong

15 May 2008

To the Shareholders

Dear Sir or Madam,

**PROPOSED RIGHTS ISSUE OF 1,565,797,810 RIGHTS SHARES
AT A PRICE OF HK\$0.12 PER RIGHTS SHARE ON THE BASIS OF
FIVE RIGHTS SHARES FOR EVERY ADJUSTED SHARE
HELD ON RECORD DATE
BY QUALIFYING SHAREHOLDERS**

I. INTRODUCTION

On 12 December 2007, the Board announced that subject to the Capital Reorganisation becoming effective, the Company proposed to raise approximately HK\$187.90 million before expenses (assuming no Option is granted and the Issue Mandate is not utilised on or before the Record Date) to approximately HK\$244.26 million before expenses (assuming all the Options are

LETTER FROM THE BOARD

granted and fully exercised and full utilisation of the Issue Mandate on or before the Record Date) by way of the Rights Issue of issuing not less than 1,565,797,810 Rights Shares and not more than 2,035,537,155 Rights Shares at a price of HK\$0.12 per Rights Share payable in full on acceptance on the basis of five Rights Shares for every Adjusted Share held on the Record Date.

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

The Rights Issue is fully underwritten by the Underwriter and is only available to the Qualifying Shareholders.

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

II. PROPOSED RIGHTS ISSUE

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

1. Issue statistics

Basis of the Rights Issue	:	five Rights Shares for every Adjusted Share held on the Record Date
Number of Shares in issue	:	3,131,595,620 Shares as at the Latest Practicable Date (<i>Note</i>)
Number of Adjusted Shares in issue upon the Capital Reorganisation becoming effective	:	313,159,562 Adjusted Shares
Number of Rights Shares	:	1,565,797,810 Rights Shares
Subscription price per Rights Share	:	HK\$0.12 per Rights Share with nominal value of HK\$0.10 each

Note:

As at the Latest Practicable Date, (i) there are Options to subscribe up to an aggregate of 313,159,562 Shares under the scheme mandate limit available to the Company under the Share Option Scheme which are not yet granted by the Company and (ii) the Issue Mandate, which authorises the Directors to issue and allot up to 626,319,125 Shares, has not been utilised. Save as mentioned above, the Company has no other outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares as at the Latest Practicable Date.

LETTER FROM THE BOARD

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

2. Qualifying Shareholders

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

To qualify for the Rights Issue, a Shareholder must:

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

In order to be registered as members of the Company at the close of business on the Record Date, owners of Shares must lodge any transfers of Shares (together with the relevant share certificates) with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 6 May 2008.

3. Terms of the Rights Issue

(1) *Subscription price*

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

The subscription price represents:

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

LETTER FROM THE BOARD

- (ii) a discount of about 53.25% to the theoretical ex-rights price of approximately HK\$0.2567 per Adjusted Share (based on the closing price of HK\$0.094 per Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Share Consolidation);
- (iii) a discount of about 87.12% to the average adjusted closing price of approximately HK\$0.932 per Adjusted Share (based on the average closing price of HK\$0.0932 per Share for the five trading days ended on the Last Trading Day and adjusted for the effect of the Share Consolidation);
- (iv) a discount of about 86.56% to the average adjusted closing price of approximately HK\$0.893 per Adjusted Share (based on the average closing price of HK\$0.0893 per Share for the ten trading days ended on the Last Trading Day and adjusted for the effect of the Share Consolidation); and
- (v) a discount of about 52% to the adjusted closing price of HK\$0.25 per Adjusted Share (based on the closing price of HK\$0.025 per Share as quoted on the Stock Exchange on the Latest Practicable Date and adjusted for the effect of the Share Consolidation).

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

LETTER FROM THE BOARD

(2) *Basis of provisional allotment*

The basis of the provisional allotment shall be five Rights Shares for every Adjusted Share, being 1,565,797,810 Rights Shares at a price of HK\$0.12 per Rights Share. Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the PAL and lodging the same with a remittance for the Rights Shares being applied for.

(3) *Status of the Rights Shares*

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

(4) *Rights of Overseas Shareholders*

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

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

LETTER FROM THE BOARD

(5) *Fractions of Rights Shares*

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

(6) *Procedure for acceptance or transfer*

A provisional allotment letter is enclosed with the Prospectus for Qualifying Shareholders which entitles Qualifying Shareholders to subscribe for the number of Rights Shares shown therein. If Qualifying Shareholders wish to exercise their rights to subscribe for all the Rights Shares specified in the enclosed provisional allotment letter, Qualifying Shareholders must lodge the provisional allotment letter in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong by not later than 4:00 p.m. on Thursday, 29 May 2008. All remittances must be made by cheque or cashier's order in Hong Kong dollars. Cheques must be drawn on an account with, and cashier's orders must be issued by, a bank in Hong Kong and made payable to "Unity Investments Holdings Limited – Provisional Allotment Account" and crossed "Account Payee Only".

It should be noted that unless the provisional allotment letter, together with the appropriate remittance, has been lodged with the Registrar by 4:00 p.m. on Thursday, 29 May 2008, whether by the original allottee or any person to whom the rights have been validly transferred, the relevant provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled.

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

If Qualifying Shareholders wish to accept only part of their provisional allotment or transfer a part of their rights to subscribe for the Rights Shares provisionally allotted, or to transfer their rights to more than one person, the entire provisional allotment letter must be surrendered and lodged for cancellation by not later than 4:30 p.m. on Wednesday, 21 May 2008 to the Registrar who will cancel the original provisional allotment letter and issue new provisional allotment letters in the denominations required.

LETTER FROM THE BOARD

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

If the Underwriter exercises the right of termination to terminate its obligations under the Underwriting Agreement at any time before 4:00 p.m. on the Settlement Date, and/or if the conditions of the Rights Issue (summarised in the section headed "Conditions of the Rights Issue" below) are not fulfilled or waived by 4:00 p.m. on the Settlement Date, the monies received in respect of acceptances of the Rights Shares will be returned to the Qualifying Shareholders or such other persons to whom the Rights Shares in their nil-paid form shall have been validly transferred or, in the case of joint acceptances, to the first-named person without interest, by means of cheques despatched in the ordinary post at the risk of such Qualifying Shareholders or such other persons on or about Thursday, 5 June 2008.

(7) *Application for excess Rights Shares*

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

Applications for excess Rights Shares may be made by completing the forms for application for excess Rights Shares and lodging the same with a separate remittance for the excess Rights Shares being applied for. Qualifying Shareholders should lodge the form of application for excess Rights Shares, together with a separate remittance for the amount payable on application in respect of the excess Rights Shares applied for, with the Registrar, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, by not later than 4:00 p.m. on Thursday, 29 May 2008. All remittances must be made by cheque or cashier's order in Hong Kong dollars. Cheques must be drawn on an account with, and cashier's orders must be issued by, a bank in Hong Kong and made payable to "Unity Investments Holdings Limited – Excess Application Account" and crossed "Account Payee Only".

LETTER FROM THE BOARD

The Directors will allocate the excess Rights Shares at their discretion on a fair and equitable basis on the following principles:

- (i) preference will be given to applications for less than a board lot of Rights Shares where they appear to the Directors that such applications are made to round up odd-lot holdings to whole-lot holdings and that such applications are not made with intention to abuse this mechanism; and
- (ii) subject to availability of excess Rights Shares after allocation under principle (i) above, the excess Rights Shares will be allocated to Qualifying Shareholders based on a sliding scale with reference to the number of the excess Rights Shares applied by them (i.e. Qualifying Shareholders applying for smaller number of Rights Shares will have a higher success rate for its application but will receive a smaller number of Rights Shares; compared with Qualifying Shareholders applying for larger number of Rights Shares who will have a lower success rate for its application but will receive a larger number of Rights Shares). Investors with their Shares held by a nominee company should note that the Board will regard the nominee company as a single Shareholder according to the register of members of the Company.

Investors with their Shares held by a nominee company are advised to consider whether they would like to arrange for the registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

(8) *Share certificates and refund cheques for Rights Issue*

Subject to the fulfilment of the conditions of the Rights Issue, certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on or before 5 June 2008. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted on or before 5 June 2008 by ordinary post to the applicants at their own risk.

LETTER FROM THE BOARD

4. Conditions of the Rights Issue

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

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

LETTER FROM THE BOARD

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

5. Underwriting arrangements

(1) *Underwriting Agreement*

Underwriting agreement

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

Commission

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

Termination of the Underwriting Agreement

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

- (i) an introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof);
or

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

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

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

- (i) the Company commits any material breach of or omits to observe any of the obligations, undertakings, representations or warranties expressed to be assumed by it under the Underwriting Agreement which breach or omission will have a material and adverse effect on its business, financial or trading position; or
- (ii) the Underwriter shall receive notification pursuant to the relevant clauses of the Underwriting Agreement of, or shall otherwise become aware of, the fact that any of the representations or warranties contained in the Underwriting Agreement was, when given, untrue or inaccurate or would be untrue or inaccurate if repeated as provided in the relevant clauses of the Underwriting Agreement, and the Underwriter shall, in its reasonable opinion, determine that any such untrue representation or warranty represents or is likely to represent a material adverse change in the business, financial or trading position or prospects of the Group taken as a whole or is otherwise likely to have a materially prejudicial effect on the Rights Issue; or

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

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

(2) *Shareholding in the Company*

As the Company has no intention to issue or repurchase any of its Shares and grant any Option from the Latest Practicable Date to the Record Date of Rights Issue, and there is no Options granted or outstanding as at the Latest Practicable Date, set out below is the shareholding structure of the Company immediately before and after completion of the Rights Issue (assuming there is no Options are granted and the Issue Mandate is not utilised on or before completion of the Rights Issue):

Shareholders	As at the Latest Practicable Date		Immediately after the Capital Reorganisation but before completion of the Rights Issue		Immediately after completion of the Rights Issue (assuming all Shareholders take up their entitlements)		Immediately after completion of the Rights Issue (assuming no Shareholders take up their entitlements)	
	Number of Shares	%	Number of Adjusted Shares	%	Number of Adjusted Shares	%	Number of Adjusted Shares	%
Willie International Holdings Limited (Note i)	410,118,799	13.10%	41,011,879	13.10%	246,071,274	13.10%	0	0%
<i>Public Shareholders:</i>								
Willie International Holdings Limited (Note i)	0	0%	0	0%	0	0%	41,011,879	2.18%
Radford Capital Investment Limited (Note ii)	217,686,300	6.95%	21,768,630	6.95%	130,611,780	6.95%	21,768,630	1.16%
Heritage International Holdings Limited (Note iii)	199,928,000	6.38%	19,992,800	6.38%	119,956,800	6.38%	19,992,800	1.06%
The Underwriter and sub-underwriters (Note iv)	0	0%	0	0%	0	0%	1,565,797,810	83.33%
Other public Shareholders	2,303,862,521	73.57%	230,386,253	73.57%	1,382,317,518	73.57%	230,386,253	12.27%
<i>Sub-total</i>	<u>2,721,476,821</u>	<u>86.90%</u>	<u>272,147,683</u>	<u>86.90%</u>	<u>1,632,886,098</u>	<u>86.90%</u>	<u>1,878,957,372</u>	<u>100%</u>
Total	<u>3,131,595,620</u>	<u>100%</u>	<u>313,159,562</u>	<u>100%</u>	<u>1,878,957,372</u>	<u>100%</u>	<u>1,878,957,372</u>	<u>100%</u>

Notes:

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

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- (ii) Radford Capital Investment Limited (stock code: 901), a company listed on the Stock Exchange, is interested in the share capital of the Company indirectly through its direct wholly-owned subsidiary, Winning Horsee Limited.
- (iii) Heritage International Holdings Limited (stock code: 412), a company listed on the Stock Exchange, is interested in the share capital of the Company indirectly through its wholly-owned subsidiary, Coupeville Limited, and its indirect wholly-owned subsidiary, Dollar Group Limited, a direct wholly-owned subsidiary of Coupeville Limited.
- (iv) The Underwriter has sub-underwritten its underwriting obligations under the Rights Issue to sub-underwriters such that each of the Underwriter and the sub-underwriters (together with their respective parties acting in concert as defined in the Hong Kong Code on Takeovers and Mergers) will not own 30% or more of the issued share capital of the Company after completion of the Rights Issue. The Underwriter and the sub-underwriters (and their respective ultimate beneficial owners) are not a party acting in concert with any Shareholder. The Underwriter, the sub-underwriters and their respective ultimate beneficial owners do not have any shareholding in the Company and are not Connected Persons of the Company.

As stipulated in the Underwriting Agreement, in the event that the Underwriter or any of the sub-underwriters mentioned above is required to take up the Rights Shares pursuant to their underwriting/sub-underwriting obligations, the Underwriter will not and shall procure that the sub-underwriters will not own 10% or more of the issued share capital of the Company immediately after the Rights Issue.

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

Dealings in the Rights Shares in the nil-paid form will take place from 19 May 2008 to 26 May 2008 (both dates inclusive). If the conditions of the Rights Issue are not fulfilled or the Underwriting Agreement is terminated by the Underwriter, the Rights Issue will not proceed.

Any Shareholders or other persons contemplating selling or purchasing Rights Shares in their nil-paid form during the period from 19 May 2008 to 26 May 2008 (both dates inclusive) who are in any doubt about their position are recommended to consult their professional advisers. Any Shareholders or other persons dealing in the Shares or the Adjusted Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriter's right of termination of the Underwriting Agreement ceases) and any persons dealing in the nil-paid Rights Shares during the period from 19 May 2008 to 26 May 2008 (both dates inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

LETTER FROM THE BOARD

7. Listing and dealings

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

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

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

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

The first day of dealings in the Rights Shares in their fully-paid form is expected to commence on Tuesday, 10 June 2008.

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

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8. Taxation

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

9. Reasons for the Rights Issue and use of proceeds

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

The Directors consider that it is prudent to finance the Group's long-term growth by long term funding, preferably in the form of equity which will not increase the Group's finance costs. Furthermore, the Directors consider that it is in the interest of the Company to enlarge its capital base by way of the Rights Issue which will allow all Shareholders to participate in the growth of the Company and at the same time without diluting their corresponding shareholdings. Besides, the Rights Issue allows the Shareholders to participate in the growth of the Company at a lower price than the current market level.

The entire net proceeds for the Rights Issue is expected to be approximately HK\$182 million. The net proceeds will be used by the Company mainly for investment in equity pursuant to the investment objectives adopted by the Company. As at the Latest Practicable Date, the Company has not identified any specific investment opportunity.

LETTER FROM THE BOARD

10. Fund raising activities during the past 12 months

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

Date of announcement	Transaction	Net proceeds raised (approximately)	Intended use of proceeds	Actual use of net proceeds
4 June 2007	Placing of 262,898,055 new Shares	HK\$68.7 million	General working capital	Used as intended
12 July 2007	Placing of 341,765,666 new Shares	HK\$66.4 million	General working capital	Used as intended
19 July 2007	Subscription of 500,000,000 new Shares	HK\$69.7 million	HK\$50 million for debt repayment and HK\$19.7 million for general working capital	Used as intended
30 October 2007	Subscription of 410,118,799 new Shares	HK\$44.9 million	General working capital	Used as intended

11. Adjustments in relation to the Options

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

LETTER FROM THE BOARD

12. Business review and prospects

(1) *Business review*

The Group reported a net loss of approximately HK\$99 million for the year ended 31 December 2007, and the proceeds from sale of trading securities increased to approximately HK\$837 million. As at 31 December 2007, the total assets of the Group were approximately HK\$448 million, of which the non-current portion and current portion were approximately HK\$282 million and HK\$166 million respectively, the current liabilities was approximately HK\$31 million and the assets/liabilities ratio was approximately 14.45 and the current ratio was approximately 5.35. The Group has no material contingent liabilities as of 31 December 2007. As at 31 March 2008, the unaudited net asset value per share was HK\$0.09.

(2) *Financial and trading prospects*

The principal activities of the Company are to invest in both listed and unlisted companies, the core portfolio comprises of mainly small to medium sized companies. Turnover recognised by the Group was the proceeds from sales of investments held for trading, amounted HK\$837,238,944 for the year ended 31 December 2007 (2006: HK\$295,055,810) which represented an increase of 184% as compared to last year.

The global economy had enjoyed a good year in 2007 with major international stock markets going up and bond market developed stably; despite the constraints of record-high oil prices and a credit squeeze that from August 2007 significantly slowed the pace of investments. The value of RMB appreciation had benefited from the rapid economic growth and had attracted more international fund flow into Hong Kong and China. However, the negative impact of the sub-prime crisis in the United States (“US”) gradually emerged in the 4th quarter of 2007 which will become a concern for the future development of the financial industry.

Since September 2007, the US Federal Reserve began to loosen its rates policy; which move was considered too late to prevent an economic recession in the US to spread to a global scale, hence accelerated global economy downturn since the 4th quarter of 2007. Moreover, China has noticeably retained its tightening stance in the face of a fast-growing economy with escalating inflation. In the global economy, volatile oil prices, fluctuating financial markets and continued inflation are to be the major threats in 2008 market. Global financial markets are expected to remain turmoil and directionless.

LETTER FROM THE BOARD

The Board believes 2008 will be a challenging year for the Group, the Group will make continuous efforts to improve its asset and liability structure. In upcoming efforts, the Group will continue to look for appropriate investment opportunities to expand and diversify its portfolio and emphasis will be placed on the financial risk in the context of economic globalisation to ensure our development can withstand the challenge of a complete economic cycle.

13. Trading arrangement

The Shares are currently traded in board lots of 4,000 Shares each and the market value per board lot of the Shares is HK\$100, based on the closing price of HK\$0.025 per Share as quoted on the Stock Exchange on the Latest Practicable Date. Pursuant to the announcement of the Company dated 1 April 2008 and assuming the Capital Reorganisation becomes effective, the Adjusted Shares will be traded in board lots of 10,000 Adjusted Shares and the estimated market value per board lots of the Adjusted Share will be HK\$2,500, based on the closing price of HK\$0.25 per Adjusted Shares (based on the closing price of HK\$0.025 per Share as quoted on the Stock Exchange on the Latest Practicable Date and adjusted for the effect of the Share Consolidation).

III. ADDITIONAL INFORMATION

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

Yours faithfully,
By Order of the Board
UNITY INVESTMENTS HOLDINGS LIMITED
合一投資控股有限公司
KITCHELL Osman Bin
Executive Director

1. SUMMARY OF FINANCIAL STATEMENTS

1.1 Financial Summary

The following is a summary of the consolidated results and the assets and liabilities of the Group for the years ended 31 December 2007, 2006 and 2005. The auditors' reports on the financial statements of the Group for each of the three years ended 31 December 2007, 2006 and 2005 did not contain any qualifications.

RESULTS

	Audited 01/01/2007 to 31/12/2007 HK\$	Audited 01/01/2006 to 31/12/2006 HK\$	Audited 01/01/2005 to 31/12/2005 HK\$
Turnover	837,238,944	295,055,810	162,620,520
Other revenue	2,656,153	3,367,507	2,025,440
Cost of sales	(928,768,239)	(266,232,745)	(175,856,857)
Loan receivable:			
– Present value adjustment	–	–	(5,770,914)
– Impairment loss	–	(12,500,000)	(6,729,086)
Unrealised gain (loss) on investments held for trading	40,037,652	(21,601,011)	(9,328,737)
Unrealised loss on derivative financial instruments	(5,257,813)	–	–
Realised (loss) gain on disposal of available-for-sale investments	(31,123,307)	25,012,199	(607,864)
Impairment loss on available-for-sale investments	–	–	(3,000,000)
Other operating expenses	(11,286,635)	(8,840,660)	(4,814,448)
Finance costs	(2,492,396)	(2,056,841)	(3,051,172)
(Loss) Profit before taxation	(98,995,641)	12,204,259	(44,513,118)
Taxation	–	–	–
(Loss) Profit for the year and attributable to equity holders	<u>(98,995,641)</u>	<u>12,204,259</u>	<u>(44,513,118)</u>
		<i>(Restated)</i>	<i>(Restated)</i>
(Loss) Earnings per share – Basic	<u>(6.51 cents)</u>	<u>5.39 cents</u>	<u>(30.81 cents)</u>

ASSETS AND LIABILITIES

	Audited as at 31 December		
	2007	2006	2005
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	1,430,491	1,986,770	55,563
Available-for-sale investments	280,991,825	36,093,113	43,481,071
Loan receivable	–	–	12,500,000
	<u>282,422,316</u>	<u>38,079,883</u>	<u>56,036,634</u>
Current assets			
Investments held for trading	150,549,641	186,108,664	114,155,712
Deposits, prepayments and other receivables	5,220,030	529,529	4,281,835
Bank balances and cash	9,732,245	576,359	61,060
	<u>165,501,916</u>	<u>187,214,552</u>	<u>118,498,607</u>
Current liabilities			
Other payables and accruals	865,483	13,033,169	17,748,826
Short-term borrowings, unsecured	25,000,000	–	20,378,082
Derivative financial instruments	5,257,813	–	–
	<u>31,123,296</u>	<u>13,033,169</u>	<u>38,126,908</u>
Net current assets	<u>134,378,620</u>	<u>174,181,383</u>	<u>80,371,699</u>
NET ASSETS	<u><u>416,800,936</u></u>	<u><u>212,261,266</u></u>	<u><u>136,408,333</u></u>
Capital and reserves			
Share capital	313,159,563	112,229,116	72,729,116
Reserves	103,641,373	100,032,150	63,679,217
TOTAL EQUITY	<u><u>416,800,936</u></u>	<u><u>212,261,266</u></u>	<u><u>136,408,333</u></u>

1.2 Audited financial statements

Set out below are the audited financial statements of the Group for the year ended 31 December 2007 as extracted from the 2007 annual report of the Company and the basic earnings per share for the year ended 31 December 2006 have been restated to reflect the effect of share consolidation and rights issue effective during February and May 2007.

Notes to the financial statements of the Company set out on pages 36 to 75 of this Prospectus covered the audited financial data for the year ended 31 December 2007.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2007

	<i>Note</i>	2007 <i>HK\$</i>	2006 <i>HK\$</i>
Turnover	4	837,238,944	295,055,810
Other revenue	4	2,656,153	3,367,507
Cost of sales		(928,768,239)	(266,232,745)
Impairment loss on loan receivable		–	(12,500,000)
Unrealised gain (loss) on investments held for trading		40,037,652	(21,601,011)
Unrealised loss on derivative financial instruments		(5,257,813)	–
Realised (loss) gain on disposal of available-for-sale investments		(31,123,307)	25,012,199
Other operating expenses		(11,286,635)	(8,840,660)
Finance costs	6	(2,492,396)	(2,056,841)
(Loss) Profit before taxation	6	(98,995,641)	12,204,259
Taxation	7	–	–
(Loss) Profit for the year and attributable to equity holders	8	<u>(98,995,641)</u>	<u>12,204,259</u>
			<i>(Restated)</i>
(Loss) Earnings per share – Basic	9	<u>(6.51 cents)</u>	<u>5.39 cents</u>

CONSOLIDATED BALANCE SHEET

As at 31 December 2007

	<i>Note</i>	2007 <i>HK\$</i>	2006 <i>HK\$</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	<i>11</i>	1,430,491	1,986,770
Available-for-sale investments	<i>13</i>	280,991,825	36,093,113
		<u>282,422,316</u>	<u>38,079,883</u>
Current assets			
Investments held for trading	<i>14</i>	150,549,641	186,108,664
Other receivables	<i>15</i>	5,220,030	529,529
Bank balances and cash		9,732,245	576,359
		<u>165,501,916</u>	<u>187,214,552</u>
Current liabilities			
Other payables and accruals		865,483	13,033,169
Short-term borrowings, unsecured	<i>16</i>	25,000,000	–
Derivative financial instruments	<i>17</i>	5,257,813	–
		<u>31,123,296</u>	<u>13,033,169</u>
Net current assets		<u>134,378,620</u>	<u>174,181,383</u>
NET ASSETS		<u>416,800,936</u>	<u>212,261,266</u>
Capital and reserves			
Share capital	<i>18</i>	313,159,563	112,229,116
Reserves	<i>19(a)</i>	103,641,373	100,032,150
TOTAL EQUITY		<u>416,800,936</u>	<u>212,261,266</u>

BALANCE SHEET*As at 31 December 2007*

	<i>Note</i>	2007 <i>HK\$</i>	2006 <i>HK\$</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	<i>11</i>	359,682	202,089
Investments in subsidiaries	<i>12</i>	352,364,321	29,796,224
Available-for-sale investments	<i>13</i>	25,641,500	30,881,560
		<u>378,365,503</u>	<u>60,879,873</u>
Current assets			
Investments held for trading	<i>14</i>	54,797,627	163,337,389
Other receivables	<i>15</i>	4,867,624	529,529
Bank balances and cash		9,570,719	394,529
		<u>69,235,970</u>	<u>164,261,447</u>
Current liabilities			
Other payables and accruals		707,340	13,033,169
Short-term borrowings, unsecured	<i>16</i>	25,000,000	–
Derivative financial instruments	<i>17</i>	5,257,813	–
		<u>30,965,153</u>	<u>13,033,169</u>
Net current assets		<u>38,270,817</u>	<u>151,228,278</u>
NET ASSETS		<u><u>416,636,320</u></u>	<u><u>212,108,151</u></u>
Capital and reserves			
Share capital	<i>18</i>	313,159,563	112,229,116
Reserves	<i>19(b)</i>	103,476,757	99,879,035
TOTAL EQUITY		<u><u>416,636,320</u></u>	<u><u>212,108,151</u></u>

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2007

	<i>Note</i>	2007 <i>HK\$</i>	2006 <i>HK\$</i>
OPERATING ACTIVITIES			
Cash used in operations	23	(40,692,119)	(73,397,018)
Interest paid		(2,427,669)	(2,434,923)
Net cash used in operating activities		<u>(43,119,788)</u>	<u>(75,831,941)</u>
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(339,678)	(2,925,703)
Acquisition of available-for-sale investments		(609,842,771)	(5,058,299)
Proceeds from disposal of available-for-sale investments		209,673,371	38,767,000
Dividends received		1,780,168	3,058,244
Interest received		695,548	165,868
Net cash (used in) from investing activities		<u>(398,033,362)</u>	<u>34,007,110</u>
FINANCING ACTIVITIES			
Proceeds from rights issue		119,499,116	–
Proceeds from placements of shares		254,185,778	64,000,000
Proceeds from shares issued under share option scheme		58,388,888	–
Share issue expenses		(6,774,746)	(1,659,870)
Proceeds from disposal of subsidiary		10,000	–
New short-term borrowings		195,000,000	60,000,000
Repayment of short-term borrowings		(170,000,000)	(80,000,000)
Net cash from financing activities		<u>450,309,036</u>	<u>42,340,130</u>
Net increase in cash and cash equivalents		9,155,886	515,299
Cash and cash equivalents at beginning of year		<u>576,359</u>	<u>61,060</u>
Cash and cash equivalents at balance sheet date, represented by bank balances and cash		<u><u>9,732,245</u></u>	<u><u>576,359</u></u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2007

	2007 <i>HK\$</i>	2006 <i>HK\$</i>
Total equity at 1 January	<u>212,261,266</u>	<u>136,408,333</u>
(Expense) Income recognised directly in equity:		
Change in fair value of available-for-sale investments	(155,270,649)	26,320,743
Transfer to income statement on disposal of available-for-sale investments	<u>31,123,307</u>	<u>(25,012,199)</u>
	<u>(124,147,342)</u>	<u>1,308,544</u>
Recognised income and expense:		
(Loss) Profit for the year	<u>(98,995,641)</u>	<u>12,204,259</u>
Placements of shares	254,185,778	64,000,000
Issue of shares under share option scheme	58,388,888	–
Issue of shares under rights issue	119,499,116	–
Share issue expenses	(6,774,746)	(1,659,870)
Equity-settled share-based payment	<u>2,383,617</u>	<u>–</u>
Total equity at 31 December	<u><u>416,800,936</u></u>	<u><u>212,261,266</u></u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2007

1. General information

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

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

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

These financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2006 financial statements except for the adoption of the following new/revised HKFRS that are effective from the current year. A summary of the principal accounting policies adopted by the Company is set out below.

Adoption of new/revised HKFRS***HKAS 1 (Amendment): Capital disclosures***

The amendment requires financial statements to provide additional disclosures in relation to the Group’s objectives, policies and processes for managing capital. These new disclosures are shown in note 27 to the financial statements.

HKFRS 7: Financial instruments: Disclosures

HKFRS 7 superseded *HKAS 30 Disclosures in the financial statements of banks and similar financial institution* and incorporated all the disclosure requirements previously in *HKAS 32*, while the presentation requirements in *HKAS 32* remain unchanged. *HKFRS 7* requires financial statements to disclose information for the purpose of evaluating the significance of the Group's financial instruments, the nature and risks arising from those financial instruments to which the Group is exposed to and how the Group manages them. The new disclosures are included throughout the financial statements.

HK(IFRIC)-Int 8: Scope of HKFRS 2

This interpretation clarifies the presumption under *HKFRS 2* that for transactions in which share-based payments are made to parties other than employees, the fair value of goods or services can be measured reliably even the entity cannot specifically identify some or all of the goods or services received. During the year, the Group had issued equity instruments to parties other than employees ("qualified allottees") in accordance with share option schemes. The interpretation had been adopted and the fair value had been measured and accounted for in the financial statements.

Basis of measurement

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

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries as at 31 December each year. The financial statements of the subsidiaries are prepared for the same reporting year as the Company using consistent accounting policies.

All intra-group balance, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceased.

Subsidiaries

A subsidiary is an entity in which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

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

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance are charged to the income statement during the year in which they are incurred.

Depreciation is provided to write off the cost less accumulated impairment losses of property, plant and equipment over their estimated useful lives from the date on which they are available for use and after taking into account their estimated residual values, using the straight-line method, at the annual rate of 33- $\frac{1}{3}$ %.

Financial instruments

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

Financial assets or financial liabilities at fair value through profit or loss

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

Financial assets are classified as held for trading if they are (i) acquired principally for the purpose of selling in the near future; (ii) part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or (iii) derivatives that are not designated and effective hedging instruments.

Financial assets or financial liabilities are designated at initial recognition as at fair value through profit or loss if (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on a different basis; or (ii) they are part of a group of financial assets and/or financial liabilities that are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) they contain embedded derivatives that would need to be separately recorded.

Loans and receivables

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

Available-for-sale financial assets

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

Impairment of financial assets

At each balance sheet date, the Group assesses whether there is objective evidence that financial assets, other than those at fair value through profit or loss, are impaired. The impairment loss of financial assets carried at amortised cost is measured as the difference between the assets' carrying amount and the present value of estimated future cash flow discounted at the financial asset's original effective interest rate. Such impairment loss is reversed in subsequent periods through income statement when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

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

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

Financial liabilities

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

Cash equivalents

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

Revenue recognition

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

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

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

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

Segment reporting

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

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

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. For example, segment assets may include inventories, trade receivables and property, plant and equipment. Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process. Inter-segment pricing are principally on a cost plus basis.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

Unallocated items mainly comprise interest-bearing borrowings, corporate and financing expenses.

Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in the currency of Hong Kong dollars, which is the Company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

The results and financial position of all the Group entities that have a functional currency different from the presentation currency ("foreign operations") are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet date;
- Income and expenses for each income statement are translated at average exchange rate;
- All resulting exchange differences arising from the above translation and exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation are recognised as a separate component of equity and recognised in consolidated income statement on disposal of foreign operations.

Impairment loss of non-financial assets

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

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

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

Leases

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

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

Employee benefits***Defined contribution plans***

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

Share-based payment

Equity-settled share-based payments is offered to those participants who, in the opinion of the Board, have contributed or may contribute to the development and growth of the Group and any entity in which the Group holds any equity interest. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value of share options granted is expensed to the income statement with a corresponding increase in a reserve within equity on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Taxation

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

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

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

Related parties

A party is related to the Group if

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

*Critical accounting estimates and judgements**Impairment of available-for-sale investments*

For available-for-sale investments, a significant or prolonged decline in fair value below cost is considered to be objective evidence of impairment. Judgement is required when determining whether a decline in fair value has been significant or prolonged. In making this judgement, the historical data on market volatility as well as the price of the specific investment are taken into account. The Group also takes into account financial information regarding the issuers/investees.

3. Future changes in HKFRS

At the date of authorisation of these financial statements, the HKICPA has issued a number of new/revised HKFRS that are not yet effective for the current year, which the Group has not early adopted. The directors anticipate that the adoption of these new/revised HKFRS in the future periods will have no material impact on the result of the Group.

		Effective for annual periods beginning on or after
HK(IFRIC) – Int 11	HKFRS 2 – Group and treasury share transactions	1 March 2007
HKFRS 8	Operating segments	1 January 2009
HKAS 1 (Revised December 2007)	Presentation of Financial Statements	1 January 2009

4. Turnover and revenue

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

	2007	2006
	<i>HK\$</i>	<i>HK\$</i>
Turnover		
Proceeds from sale of investments held for trading	837,238,944	295,055,810
Other revenue		
Other income	180,437	3,000
Interest income	695,548	306,263
Dividend income – listed investments	1,780,168	3,058,244
	<u>2,656,153</u>	<u>3,367,507</u>
Total revenue	<u><u>839,895,097</u></u>	<u><u>298,423,317</u></u>

5. Segment information

The Group has determined not to present further business segment information as the Group's turnover, contribution to operating loss (2006: *operating profit*), assets and liabilities are attributable to the investments in listed and unlisted companies.

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

	2007				Total HK\$
	Hong Kong HK\$	Taiwan HK\$	United States HK\$	Others HK\$	
Segment revenue	787,660,284	171	50,495,726	1,738,916	839,895,097
Segment assets	368,870,541	17,204,265	33,978,097	27,871,329	447,924,232
Capital expenditure	<u>339,678</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>339,678</u>

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

6. (Loss) profit before taxation

	2007	2006
	<i>HK\$</i>	<i>HK\$</i>
This is stated after charging:		
Finance costs		
Other borrowings wholly repayable within five years	2,492,396	2,056,841
	<u>2,492,396</u>	<u>2,056,841</u>
Staff costs		
Employee benefits expense, excluding directors' remuneration	545,204	620,632
Contributions to defined contribution plans	18,720	24,935
	<u>563,924</u>	<u>645,567</u>
Other items		
Auditors' remuneration		
– understatement in last year	30,000	8,000
– current year	370,000	320,000
Depreciation	895,957	568,240
Exchange loss	131,615	316,520
Impairment loss on deposit paid for the acquisition of equity interest in an investee company	–	1,500,000
Loss on disposal of property, plant and equipment	–	426,256
Operating leases in respect of:		
– land and buildings	309,600	171,995
– hire of machinery	58,744	48,569
Equity-settled share-based payment	2,383,617	–
	<u>2,383,617</u>	<u>–</u>

7. Taxation

Hong Kong Profits Tax has not been provided in the financial statements as companies within the Group incurred a loss for the year. No provision was made for the year of 2006 as the Group either incurred a loss or their estimated assessable profits for the year of 2006 were wholly absorbed by unrelieved tax losses brought forward from previous years.

Reconciliation of tax expense

	2007	2006
	<i>HK\$</i>	<i>HK\$</i>
(Loss) Profit before taxation	<u>(98,995,641)</u>	<u>12,204,259</u>
Income tax at applicable tax rate of 17.5% (2006: 17.5%)	(17,324,238)	2,135,746
Tax exempt revenue	(1,351,940)	(535,243)
Non-deductible expenses	1,930,492	4,146,633
Utilisation of previously unrecognised tax losses	–	(5,734,394)
Unrecognised tax losses	16,733,573	–
Unrecognised temporary difference	12,113	(12,742)
	<u>–</u>	<u>–</u>

8. (Loss) profit attributable to equity holders

The (loss) profit attributable to equity holders dealt with in the financial statements of the Company is HK\$137,726,609 (2006: profit of HK\$12,204,332).

9. (Loss) earnings per share

The calculation of basic loss (2006: earnings) per share is based on the Group's loss (2006: profit) attributable to the equity holders of HK\$98,995,641 (2006: profit of HK\$12,204,259) and the weighted average number of 1,521,380,506 (2006 as restated: 226,603,782) ordinary shares in issue during the year.

The comparative amount of the basic earnings per share for 2006 has been adjusted to reflect the impact of the share consolidation and the rights issue effected during the year.

No diluted loss per share is presented for the year of 2007 as conversion of the Company's share options, which are fully exercised during the year, has an anti-dilutive effect. No diluted earnings per share were presented for the year of 2006 as there were no potential ordinary shares in issue.

10. Directors' and senior management's emoluments

(a) Directors' emoluments

Directors' emoluments of the Group are as follows:

	2007				Total HK\$
	Directors' fees HK\$	Salaries, allowances and benefits in kind HK\$	Retirement scheme contributions HK\$	Share-based payment HK\$	
Executive directors					
Kitchell Osman Bin	–	545,000	11,625	35,090	591,715
Chung Wilson	–	564,000	12,000	35,090	611,090
Choi Ka Wing	–	378,000	11,400	35,090	424,490
Non-executive director					
Wong Man Hon, Frederick	–	–	–	–	–
Independent non-executive directors					
Chung Kong Fei, Stephen	60,000	–	–	–	60,000
Chen Henri Wei Hwa	110,000	–	–	–	110,000
Tsang Wing Ki	90,000	–	–	–	90,000
Swartz Kristi Lynn	20,000	–	–	–	20,000
	280,000	1,487,000	35,025	105,270	1,907,295

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

Note: All executive directors are the key management personnel, also as the related parties, of the Company.

(b) Individuals with highest emoluments

Of the five individuals with highest emoluments of the Group, four (2006: two) are directors whose emoluments are disclosed in note 10(a). The aggregate of the emoluments in respect of the other one (2006: three) individual is as follows:

	2007	2006
	<i>HK\$</i>	<i>HK\$</i>
Salaries and other emoluments	390,000	512,951
Retirement scheme contributions	12,000	19,470
	<u>402,000</u>	<u>532,421</u>

Their emoluments were within the following band:

	Number of employee	
	2007	2006
HK\$Nil to HK\$1,000,000	<u>1</u>	<u>3</u>

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

Under the share option scheme (the "Scheme") approved by the shareholders of the Company in 2003, the directors of the Company may grant options to those participants who, in the opinion of the Board, have contributed or may contribute to the development and growth of the Group and any entity in which the Group holds any equity interest. During the year, 3,300,000 share options were granted to the directors, which were properly disclosed in more details in note 20(a). No share options were issued to the directors under the Scheme in 2006.

11. Property, plant and equipment

Group	Leasehold improvements HK\$	Office equipment HK\$	Furniture and fixtures HK\$	Motor vehicle HK\$	Total HK\$
Reconciliation of carrying amount – year ended 31 December 2006					
At beginning of year	32,332	23,231	–	–	55,563
Additions	533,200	87,424	163,462	2,141,617	2,925,703
Disposals	(426,256)	–	–	–	(426,256)
Depreciation	(139,276)	(37,305)	(34,723)	(356,936)	(568,240)
At balance sheet date	<u>–</u>	<u>73,350</u>	<u>128,739</u>	<u>1,784,681</u>	<u>1,986,770</u>
Reconciliation of carrying amount – year ended 31 December 2007					
At beginning of year	–	73,350	128,739	1,784,681	1,986,770
Additions	250,720	46,778	42,180	–	339,678
Depreciation	(73,701)	(39,836)	(68,548)	(713,872)	(895,957)
At balance sheet date	<u>177,019</u>	<u>80,292</u>	<u>102,371</u>	<u>1,070,809</u>	<u>1,430,491</u>
At 1 January 2007					
Cost	–	267,149	282,698	2,141,617	2,691,464
Accumulated depreciation	–	(193,799)	(153,959)	(356,936)	(704,694)
	<u>–</u>	<u>73,350</u>	<u>128,739</u>	<u>1,784,681</u>	<u>1,986,770</u>
At 31 December 2007					
Cost	250,720	313,927	324,878	2,141,617	3,031,142
Accumulated depreciation	(73,701)	(233,635)	(222,507)	(1,070,808)	(1,600,651)
	<u>177,019</u>	<u>80,292</u>	<u>102,371</u>	<u>1,070,809</u>	<u>1,430,491</u>

APPENDIX I
FINANCIAL AND OTHER INFORMATION

Company	Leasehold improvements <i>HK\$</i>	Office equipment <i>HK\$</i>	Furniture and fixtures <i>HK\$</i>	Total <i>HK\$</i>
Reconciliation of carrying amount – year ended 31 December 2006				
At beginning of year	32,332	23,231	–	55,563
Additions	533,200	87,424	163,462	784,086
Disposals	(426,256)	–	–	(426,256)
Depreciation	(139,276)	(37,305)	(34,723)	(211,304)
At balance sheet date	<u>–</u>	<u>73,350</u>	<u>128,739</u>	<u>202,089</u>
Reconciliation of carrying amount – year ended 31 December 2007				
At beginning of year	–	73,350	128,739	202,089
Additions	250,720	46,778	42,180	339,678
Depreciation	(73,701)	(39,836)	(68,548)	(182,085)
At balance sheet date	<u>177,019</u>	<u>80,292</u>	<u>102,371</u>	<u>359,682</u>
At 1 January 2007				
Cost	–	267,149	282,698	549,847
Accumulated depreciation	–	(193,799)	(153,959)	(347,758)
	<u>–</u>	<u>73,350</u>	<u>128,739</u>	<u>202,089</u>
At 31 December 2007				
Cost	250,720	313,927	324,878	889,525
Accumulated depreciation	(73,701)	(233,635)	(222,507)	(529,843)
	<u>177,019</u>	<u>80,292</u>	<u>102,371</u>	<u>359,682</u>

12. Investments in subsidiaries

	Company	
	2007	2006
	<i>HK\$</i>	<i>HK\$</i>
Unlisted shares, at cost		
At 1 January	25	79
Addition	17	24
Disposal	(1)	–
Write-off	–	(78)
	<u>41</u>	<u>25</u>
At 31 December		
Due from subsidiaries	421,509,113	85,685,464
Provision for doubtful debts	(69,144,833)	(55,889,265)
	<u>352,364,280</u>	<u>29,796,199</u>
Total	<u><u>352,364,321</u></u>	<u><u>29,796,224</u></u>

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

APPENDIX I**FINANCIAL AND OTHER INFORMATION**

The following is a list of the details of the subsidiaries held by the Company at 31 December 2007:

Name of subsidiary	Place of incorporation and type of legal entity	Principal activities	Particulars of issued share capital	Proportion of nominal value of issued capital held by the Company	
				<i>Directly</i>	<i>Indirectly</i>
Ample Spring International Limited	The British Virgin Islands, limited liability company	Investment holding	1 ordinary share of US\$1 each	100%	–
Anchor Talent Limited	The British Virgin Islands, limited liability company	Investment holding	1 ordinary share of US\$1 each	100%	–
Gedaulia Investments Limited	The British Virgin Islands, limited liability company	Dormant	1 ordinary share of US\$1 each	100%	–
Great Panorama International Limited	The British Virgin Islands, limited liability company	Investment holding	1 ordinary share of US\$1 each	–	100%
Gufalore Investments Limited	The British Virgin Islands, limited liability company	Investment holding	1 ordinary share of US\$1 each	100%	–
Pacific Kingdom International Limited	The British Virgin Islands, limited liability company	Investment holding	1 ordinary share of US\$1 each	100%	–
Runway Group Limited	The British Virgin Islands, limited liability company	Investment holding	1 ordinary share of US\$1 each	100%	–
Triumph Way Limited	Hong Kong, limited liability company	Investment holding	1 ordinary share of HK\$1 each	100%	–
Visionary Limited	The Cayman Islands, limited liability company	Dormant	1 ordinary share of US\$1 each	–	100%

13. Available-for-sale investments

	Group		Company	
	2007	2006	2007	2006
	HK\$	HK\$	HK\$	HK\$
Equity investment				
Listed in Hong Kong	275,764,113	30,881,560	25,641,500	30,881,560
Listed overseas	5,227,712	5,211,514	–	–
	<u>280,991,825</u>	<u>36,093,074</u>	<u>25,641,500</u>	<u>30,881,560</u>
Unlisted in Hong Kong	23,000,000	23,000,039	–	–
Impairment loss	(23,000,000)	(23,000,000)	–	–
	<u>–</u>	<u>39</u>	<u>–</u>	<u>–</u>
Total	<u>280,991,825</u>	<u>36,093,113</u>	<u>25,641,500</u>	<u>30,881,560</u>

As at 31 December 2007, the carrying amount of the Group's shareholding in the following Hong Kong listed company exceeded 10% of the total assets of the Group.

Name	Place of incorporation	Principal activities	Particulars of issued share capital	Interest held
Mascotte Holdings Ltd.	Bermuda	Manufacture and sale of accessories for photographic, electrical and multimedia products, and property holding	Ordinary share of HK\$0.1 each	5.57%
Poly Investments Holdings Ltd.	Hong Kong	Power generation, trading of goods, provision of finance, property investment and management and brokerage and securities investments	Ordinary share of HK\$0.1 each	3.05%

14. Investments held for trading

	Group		Company	
	2007	2006	2007	2006
	HK\$	HK\$	HK\$	HK\$
Equity investment				
– listed in Hong Kong	81,221,325	133,362,389	2,513,700	133,362,389
– listed overseas	69,328,316	41,746,275	52,283,927	18,975,000
	<u>150,549,641</u>	<u>175,108,664</u>	<u>54,797,627</u>	<u>152,337,389</u>
Debt investment, unlisted	–	11,000,000	–	11,000,000
	<u>150,549,641</u>	<u>186,108,664</u>	<u>54,797,627</u>	<u>163,337,389</u>

As at 31 December 2007, the carrying amount of the Group's shareholding in the following Hong Kong listed company exceeded 10% of the total assets of the Group.

Name	Place of incorporation	Principal activities	Particulars of issued share capital	Interest held
Wonsan International Holdings Ltd.	Bermuda	Metal trading, sales of communication products and investments in securities	Ordinary share of HK\$0.001 each	2.12%

As at 31 December 2007, the carrying amount of the Group's shareholding in the following Taiwan company exceeded 20% of the total issued share of the investee company:

Name	Place of incorporation	Principal activities	Particulars of issued share capital	Interest held
Universal Technology Systems Inc. ("Universal")	Taiwan	System solutions and integrations, sourcing of computer softwares and hardwares	Ordinary share of NTD10 each	29.96% (note)

Note:

- (i) Universal is not considered as an associate of the Group as the Group has no significant influence over its financial and operating policy decision.
- (ii) A director of Universal had an option to purchase certain of these investments subject to certain conditions. However, the option had not been exercised during the 5 day's exercisable period and lapsed in January 2008.

15. Other receivables

	Group		Company	
	2007	2006	2007	2006
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Deposits and prepayments	530,426	529,529	529,837	529,529
Other receivables	4,689,604	–	4,337,787	–
	<u>5,220,030</u>	<u>529,529</u>	<u>4,867,624</u>	<u>529,529</u>

16. Short-term borrowings, unsecured

The amounts represented the loans from third parties and were unsecured, interest bearing at prime rate and repayable within one year.

17. Derivative financial instruments

	Group		Company	
	2007	2006	2007	2006
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Forward contracts:				
Listed equity investments	5,173,359	–	5,173,359	–
Foreign currencies	84,454	–	84,454	–
	<u>5,257,813</u>	<u>–</u>	<u>5,257,813</u>	<u>–</u>

Note: The fair value of derivative financial instruments is measured by reference to open market value at the balance sheet date provided by a securities broker.

18. Share capital

	<i>Note</i>	Number of ordinary shares of HK\$0.1 each	Number of ordinary shares of HK\$0.01 each	Nominal value HK\$
Authorised:				
At 31 December 2006 and 1 January 2007		5,000,000,000	–	500,000,000
Increase by the creation of additional 15,000,000,000 shares of HK\$0.1 each	<i>(vi)</i>	15,000,000,000	–	1,500,000,000
At 31 December 2007		<u>20,000,000,000</u>	–	<u>2,000,000,000</u>
Issued and fully paid:				
At 1 January 2006		727,291,163	–	72,729,116
Issuance of shares		<u>395,000,000</u>	–	<u>39,500,000</u>
At 31 December 2006 and 1 January 2007		1,122,291,163	–	112,229,116
Capital reduction	<i>(i)(a)</i>	(1,122,291,163)	1,122,291,163	(101,006,204)
Share consolidation	<i>(i)(b)</i>	112,229,116	(1,122,291,163)	–
Issuance of shares under share option scheme	<i>(ii),(v)&(ix)</i>	309,592,833	–	30,959,283
Rights issue	<i>(iii)</i>	1,194,991,160	–	119,499,116
Placements of shares	<i>(iv),(vii), (viii)&(x)</i>	<u>1,514,782,520</u>	–	<u>151,478,252</u>
At balance sheet date		<u>3,131,595,629</u>	–	<u>313,159,563</u>

Note:

- (i) At the extraordinary general meeting of the Company held on 17 November 2006, the resolutions in respect of the capital reorganisation, including capital reduction, adjustment of nominal value of the issued shares and share consolidation, were approved by the shareholders. The capital reorganisation was approved by the Grand Court of the Cayman Islands on 9 February 2007 and become effective after 4:00 p.m. on 13 February 2007 (the “Effective Date”) and the effects of the capital reorganisation were as follows:
- (a) the paid-up and nominal value of the issued shares was reduced by HK\$0.09 per share by cancelling an equivalent amount of paid-up capital per share so that the nominal value of each share was reduced from HK\$0.1 to HK\$0.01. Based upon the number of shares in issue as at the Effective Date, the issued share capital of the Company of HK\$112,229,116 consisting of 1,122,291,163 ordinary shares of HK\$0.1 each was reduced by HK\$101,006,204 to HK\$11,222,912 consisting of 1,122,291,163 ordinary shares of HK\$0.01 each (the “Reduced Shares”);
 - (b) every 10 issued Reduced Shares of HK\$0.01 each were consolidated into one consolidated share of HK\$0.1. As a result, the adjusted share capital of the Company became HK\$11,222,912 consisting of 112,229,116 ordinary shares of HK\$0.1 each; and
 - (c) the credit amount of HK\$101,006,204 arising from the capital reduction referred to in note (i)(a) was credited to the contributed surplus account of the Company. The amounts in the contributed surplus account can be applied to a distributable reserve of the Company at the discretion of the directors of the Company in accordance with the Articles of Association of the Company and all applicable laws, including elimination against the accumulated losses of the Company. During the year, contributed surplus of HK\$11,421,407 had been applied to set off against accumulated loss pursuant to the capital reorganisation.
- (ii) On 15 February 2007, 7,270,000 share options were granted to the directors and qualified allottees under the share option scheme at an exercise price of HK\$0.53 per ordinary share of HK\$0.1 each. These share options were fully exercised on 2 March 2007.
- (iii) At the extraordinary general meeting held on 19 April 2007, a resolution was passed for the issue of 1,194,991,160 Rights Shares of HK\$0.1 each to qualifying shareholders on the basis of ten Rights Shares for every share held on 19 April 2007. The rights shares were issued on 17 May 2007.
- (iv) On 4 June 2007, the Company entered into a placing agreement with a placing agent to place 262,898,055 ordinary shares to independent investors at HK\$0.269 per share. The placing was completed on 12 June 2007.

- (v) On 31 May 2007, 131,440,000 share options were granted to qualified allottees under the share option scheme at an exercise price of HK\$0.255 per ordinary share of HK\$0.1 each. These share options were fully exercised on 20 June 2007.
- (vi) Pursuant to an ordinary resolution passed on 11 July 2007, the authorised share capital of the Company was increased from HK\$500,000,000 divided into 5,000,000,000 ordinary shares to HK\$2,000,000,000 divided into 20,000,000,000 ordinary shares by the creation of additional 15,000,000,000 unissued ordinary shares of HK\$0.10 each.
- (vii) On 12 July 2007, the Company entered into a placing agreement with a placing agent, Chung Nam Securities Limited, for the issue of 341,765,666 ordinary shares of the Company of HK\$0.1 each at the placing price of HK\$0.2 per share to independent investors. The placing was completed on 25 July 2007.
- (viii) On 18 July 2007, a subscription agreement was entered into with Ms. LO Ki Yan, Karen for the subscription of 500,000,000 ordinary shares at HK\$0.192 per share. Supplemental agreement was signed on 20 August 2007 for the revision of the subscription price from HK\$0.192 per share to HK\$0.14 per share. The subscription was approved by the shareholders of the Company at extraordinary general meeting held on 14 September 2007 and was completed on 17 September 2007.
- (ix) On 31 October 2007, 170,882,833 share options were granted to qualified allottees under the share option scheme at an exercise price of HK\$0.123 per ordinary share of HK\$0.1 each. These share options had been fully exercised on 1 November 2007.
- (x) On 29 October 2007, a subscription agreement was entered into with Pearl Decade Limited for the subscription of 410,118,799 ordinary shares at HK\$0.11 per share. The subscription was completed on 7 November 2007.

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

19. Reserves

(a) Group

	2007					
	Share premium HK\$	Investment revaluation reserve HK\$	Share option reserve HK\$	Contributed surplus HK\$	Accumulated losses HK\$	Total HK\$
At beginning of year	112,631,753	14,941,732	-	-	(27,541,335)	100,032,150
Creation of contributed surplus pursuant to the capital reorganisation	-	-	-	101,006,204	-	101,006,204
Contributed surplus set off against accumulated loss pursuant to the capital reorganisation	-	-	-	(11,421,407)	11,421,407	-
Equity-settled share-based payment	-	-	2,383,617	-	-	2,383,617
Issue of share under share option	27,429,605	-	-	-	-	27,429,605
Transfer to share premium on exercise of share option	2,383,617	-	(2,383,617)	-	-	-
Issues of shares	102,707,526	-	-	-	-	102,707,526
Share issue expenses	(6,774,746)	-	-	-	-	(6,774,746)
Change in fair value of available-for-sale investments	-	(155,270,649)	-	-	-	(155,270,649)
Transfer to profit or loss upon disposal of available-for-sale investments	-	31,123,307	-	-	-	31,123,307
Loss for the year	-	-	-	-	(98,995,641)	(98,995,641)
At balance sheet date	238,377,755	(109,205,610)	-	89,584,797	(115,115,569)	103,641,373
	2006					
	Share premium HK\$	Investment revaluation reserve HK\$	Share option reserve HK\$	Contributed surplus HK\$	Accumulated losses HK\$	Total HK\$
At beginning of year	89,791,623	13,633,188	-	-	(39,745,594)	63,679,217
Issues of shares	24,500,000	-	-	-	-	24,500,000
Share issue expenses	(1,659,870)	-	-	-	-	(1,659,870)
Change in fair value of available-for-sale investments	-	26,320,743	-	-	-	26,320,743
Transfer to profit or loss upon disposal of available-for-sale investments	-	(25,012,199)	-	-	-	(25,012,199)
Profit for the year	-	-	-	-	12,204,259	12,204,259
At balance sheet date	112,631,753	14,941,732	-	-	(27,541,335)	100,032,150

Under the Companies Law of the Cayman Islands, share premium, share option reserve and contributed surplus of the Company is distributable to the shareholders, which is subject to a solvency test. The Company had a distributable reserve of HK\$103,476,757 as at 31 December 2007 (2006: HK\$85,090,517).

20. Share option scheme

Under the share option scheme (the “Scheme”) approved by the shareholders of the Company in 2003, the directors of the Company may grant options to those participants who, in the opinion of the Board, have contributed or may contribute to the development and growth of the Group and any entity in which the Group holds any equity interest.

(a) Movement in share option scheme during the year ended 31 December 2007:

Name of category of participant	Date of grant	As at 1 January 2007	Granted during the year	Exercised during the year	As at 31 December 2007	Exercise price HK\$	Share price at the date of grant (note i) HK\$	Share price at the date of exercise (note ii) HK\$
Directors in aggregate	15 February 2007	–	3,300,000	(3,300,000)	–	0.530	0.510	0.500
Other in aggregate	15 February 2007	–	3,970,000	(3,970,000)	–	0.530	0.510	0.500
	31 May 2007	–	131,440,000	(131,440,000)	–	0.255	0.233	0.275
	31 October 2007	–	170,882,833	(170,882,833)	–	0.123	0.124	0.113
		–	309,592,833	(309,592,833)	–			

Notes:

- (i) The share price at the date of grant is the Stock Exchange closing price on the trading day immediately prior to the date of the grant of the options.
- (ii) The share price at the date of exercise is the weighted average closing price of the shares immediately before the dates on which the options were exercised.

(b) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a Black-Scholes model. The inputs into the model were as follows:

	2007	2006
<i>Fair value of share options and assumptions</i>		
Fair value at measurement date		
Average share price	HK\$0.123 – HK\$0.526	–
Exercise price	HK\$0.123 – HK\$0.53	–
Expected volatility	81.03% – 127.49%	–
Expected option life	1 – 20 days	–
Risk-free interest rate	<u>0.05% – 2.5%</u>	<u>–</u>

The expected volatility is based on the historic volatility of share prices of the Company. Changes in the subjective input assumptions could materially affect the fair value estimate.

21. Pledge of assets

As at 31 December 2007, margin facilities from several securities brokers were granted to the Group which were secured by the Group's available-for-sale investments and investments held for trading. As at 31 December 2007, a total amount of HK\$131,142 (2006: HK\$12,202,326) had been utilised against these facilities and the total carrying amount of the available-for-sale investments and investments held for trading pledged to the securities brokers is HK\$265,520,798 (2006: HK\$163,844,749).

22. Deferred taxation

Deferred taxation is calculated in full on temporary differences under the liability method using a principal taxation rate of 17.5% (2006: 17.5%).

Unrecognised deferred tax assets arising from

	2007	2006
	<i>HK\$</i>	<i>HK\$</i>
Deductible temporary difference	158,126	88,907
Tax losses	118,242,451	22,622,037
	<u> </u>	<u> </u>
At the balance sheet date	<u>118,400,577</u>	<u>22,710,944</u>

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

23. Cash used in operations

	2007	2006
	<i>HK\$</i>	<i>HK\$</i>
(Loss) Profit before taxation	(98,995,641)	12,204,259
Depreciation	895,957	568,240
Loss on disposals of property, plant and equipment	–	426,256
Unrealised (gain) loss on investments held for trading	(40,037,652)	21,601,011
Unrealised loss on derivative financial instruments	5,257,813	–
Loss (Gain) on disposal of available-for-sale investments	31,123,307	(25,012,199)
Impairment loss on deposit paid for acquisition of an investee company	–	1,500,000
Equity-settled share-based payment	2,383,617	–
Interest income	(695,548)	(306,263)
Interest expenses	2,492,396	2,056,841
Dividend income	(1,780,168)	(3,058,244)
Gain on disposal of a subsidiary	(9,961)	–
Change in fair value of loan receivable	–	12,500,000
Change in working capital:		
Investments held for trading	75,596,675	(93,553,963)
Other receivables	(4,690,501)	2,392,701
Other payables and accruals	(12,232,413)	(4,715,657)
Cash used in operations	(40,692,119)	(73,397,018)

24. Operating lease commitments

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

	2007	2006
	<i>HK\$</i>	<i>HK\$</i>
Within one year	260,832	351,756
In the second to fifth years inclusive	89,610	396,966
	<u>350,442</u>	<u>748,722</u>

25. Contingent liabilities

At the balance sheet date, the Company had contingent liabilities not provided for in the financial statements in respect of corporate guarantees for securities trading account maintained by one of its subsidiaries with a broker. At the balance sheet date, the securities trading accounts maintained by the subsidiary with the broker is zero.

26. Connected party transactions

Other than disclosed elsewhere in the financial statements, the following connected party transaction was transacted by the Group during the year:

Relationship with the Group	Nature of transaction	2007 HK\$	2006 HK\$
The Company's investment manager (2006: and under common directorship) (Note i)	Investment management fee paid (Note ii)	840,000	600,000

Notes:

- (i) Dr. Pang Shuen Wai, Nichols, was a director of CU Investment Management Limited ("CUIM") until 30 June 2006 and resigned as an executive director of the Company on 12 June 2006.
- (ii) CUIM has been engaged in providing the Group with investment management services. Pursuant to an agreement on 15 December 2005, which was renewed on 15 December 2006 under the same terms to cover up the period up to 31 December 2007, except for CUIM was entitled to receive a monthly management fee payable in advance in a flat rate of HK\$70,000 (2006: HK\$50,000).

27. Financial risk management objectives and policies

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

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

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's unsecured short-term borrowings and utilisation of margin facilities of securities brokers.

At reporting date, if interest rates had been 200 basis point higher/lower and all other variables were held constant, the Group's net loss would increase/decrease by approximately HK\$107,000 (2006: HK\$21,000).

Foreign currency risk

As a result of most of overseas investments denominated in United States Dollars ("USD"), Singapore Dollars ("SGD"), and New Taiwan Dollars ("NTD"), the Group is exposed to the movement in the HKD/USD, HKD/SGD and HKD/NTD exchange rates.

At 31 December 2007, if these currencies had strengthened/weakened by 5% against HKD with all other variables kept constants, the Group's net loss for the year would have been approximately HK\$2,077,000 (2006: HK\$2,087,000) lower/higher, mainly as a result of foreign exchange gains/losses on translation of those overseas investments denominated in different currencies.

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the balance sheet date and had been applied to Group's exposure to currency risk for all financial instruments in existence at that date, and that all other variables remain constant. In this respect, it is assumed that the pegged rate between HKD and USD would be materially unaffected by any changes in movement in value of USD against other currencies. The analysis is performed on the same basis for 2006.

Price risk

The Group's available-for-sale investments and investment held for trading are measured at fair value at each balance sheet date. Therefore, the Group is exposed to equity securities (*2006: equity and debt securities*) price risk. The management manages this exposure by maintaining a portfolio of investments with different profiles both in Hong Kong and overseas. The sensitivity analysis has been determined based on the exposure to equity price risk. At the reporting date, if the fair value of trading securities had been 5% higher/lower while all other variables were held constant, the Group's net loss would decrease/increase by approximately HK\$7,527,000 (*2006: HK\$8,755,000*).

Whereas, if the fair value of available-for-sale investments had been 5% higher/lower with all other variables remain unchanged, the Group's changes in equity will increase/decrease by approximately HK\$14,050,000 (*2006: HK\$1,805,000*). The Group's sensitivity to equity price has not changed significantly from the prior year.

Credit risk

The Group's credit risk primarily attributable to other receivables, which mainly represent cash balances maintained with securities brokers. It is the Group's policy to trade only with recognised, creditworthy brokers. The Group has limited credit risk with its brokers, which are leading and reputable and are assessed as having low credit risk. The Group has not had any significant loss arising from non-performance by its brokers in the past and management does not expect so in the future.

Capital management

The objectives of the Group's capital management are to safeguard the entity's ability to continue as a going concern and to provide returns for shareholders. The Group manages its capital structure and makes adjustments, including payment of dividend to shareholders, return capital to shareholders or issue new shares or sell assets to reduce debts. No changes were made in the objectives, policies or processes during the years ended 31 December 2007 and 2006.

The Group monitors capital on the basis of debt-to-adjusted capital ratio, which is net debt divided by adjusted capital. The Group's policy is to keep the ratio within 10%. The debt-to-adjusted capital ratios at the balance sheet date were as follows:

	2007	2006
	<i>HK\$</i>	<i>HK\$</i>
Short-term borrowings, unsecured	25,000,000	–
Other payables	132,142	12,202,326
<i>Less: Cash balance maintained with a broker</i>	(4,337,787)	–
<i>Less: Bank balances and cash</i>	(9,732,245)	(576,359)
	<u>11,062,110</u>	<u>11,625,967</u>
Net debt		
Total equity	416,800,936	212,261,266
<i>Less: Net unrealised reserves</i>	109,205,610	(14,941,732)
	<u>526,006,546</u>	<u>197,319,534</u>
Adjusted capital		
Debt-to-adjusted capital ratio	<u>2%</u>	<u>6%</u>

Fair value

In the opinion of the directors, the carrying amounts of financial instruments approximate their fair values, and accordingly no disclosure of the fair value of these items are presented.

The fair value of available-for-sale investments and investments held for trading is based on the quoted market bid prices available on the relevant Stock Exchange.

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

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

At the extraordinary general meeting of the Company held on 30 January 2008, the resolutions in respect of the capital reorganisation including reduction of capital, adjustment of nominal value of the issued shares and share consolidation of the Company, were approved by the shareholders. The capital reorganisation is conditional, among other things on the Grant Court of the Cayman Islands sanctioning the capital reorganisation and registration by the company with the Register of the Cayman Islands are as follows:

- (a) The nominal value of all the issued shares be reduced from HK\$0.10 each to HK\$0.01 each (“Reduced Share”) by cancelling HK\$0.09 paid-up capital on each issued shares by way of a reduction of capital;
- (b) The application of the credit arising from the reduction to cancel the accumulated losses of the Company (if any) and for the entire amount or the balance (as the case may be) to be transferred to the distributable capital reduction reserve account of the Company; and
- (c) Every ten Reduced Shares of HK\$0.01 each be consolidated into one adjusted share of HK\$0.1 each (“Adjusted Share”).

(ii) Rights issue

At the same extraordinary general meeting of the Company held on 30 January 2008, it was further approved by the shareholders that rights issue to be carried out on the basis of five rights shares for every Adjusted Share held by the shareholders at the Record Date at HK\$0.12 per rights share which is expected to become unconditional after 4:00 p.m. on 2 June 2008.

(iii) Repurchase of shares

On 25 February 2008, the Company repurchased its own shares through The Stock Exchange of Hong Kong Limited as follows:

Trading Date	Number of Share Repurchased	Price per share		Aggregate consideration paid HK\$
		Highest	Lowest	
25 February 2008	9	0.048	0.048	0.430

The above shares were cancelled on 28 February 2008.

(iv) Short-term borrowings, unsecured

On 17 January 2008, two unsecured short-term borrowings from two unrelated companies amounting to HK\$38 million at prime rate were obtained for daily operating and investment purposes of the Group and had been fully repaid on 3 April 2008.

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

At the close of business on 31 March 2008, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Prospectus, the total indebtedness of the Group amounted to approximately HK\$46 million, representing the outstanding short-term loans as described below.

The Group's interest bearing short-term loans are unsecured and repayable on fixed dates. HK\$41 million of which has been settled in April 2008 leaving HK\$5 million to be settled in July 2008.

The Group has pledged its investments held for trading and available-for-sale investments, which are approximately HK\$205 million, to secure margin financing facilities obtained from regulated securities dealers. As at 31 March 2008, these facilities have not been utilised.

Contingent liabilities

As at 31 March 2008, the Group had no material contingent liabilities.

Disclaimer

Save as aforesaid and apart from short-term loans and intra-group liabilities, at the close of business on 31 March 2008, the Group did not have any outstanding loan capital issued and outstanding, or agreed to be issued, bank overdrafts or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material liabilities.

The Directors have confirmed that there has been no material change in the indebtedness and contingent liabilities of the Group since 31 December 2007, being the date to which the latest published audited accounts of the Company were made up to.

3. MATERIAL CHANGES

As at the Latest Practicable Date, the Directors are not aware of any material adverse changes in the financial or trading position of the Group since 31 December 2007, being the date to which latest audited financial statements of the Group were made up, save as publicly disclosed.

4. WORKING CAPITAL

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

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

The following is an unaudited pro forma statement of consolidated net tangible assets of the Group which has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Capital Reorganisation and the Rights Issue as if it has been undertaken and completed on 31 December 2007. This statement has been prepared for illustrative purpose only and because of its nature, it may not give a true picture of the financial position of the Group on the completion of the Capital Reorganisation and the Rights Issue.

Audited consolidated net tangible assets of the Group attributable to the Shareholders as at 31 December 2007 <i>(Note i)</i> HK\$'000	Estimated net proceeds from the Rights Issue <i>(Note ii)</i> HK\$'000	Unaudited pro forma consolidated net tangible assets of the Group attributable to the Shareholders after the Rights Issue HK\$'000	Audited consolidated net tangible assets per Share as at 31 December 2007 <i>(Note iii)</i> HK\$	Unaudited pro forma consolidated net tangible assets per Adjusted Share after the Capital Reorganisation and the Rights Issue <i>(Note iv)</i> HK\$
Based on the subscription price of HK\$0.12 per Rights Share	416,801	182,196	598,997	0.13
		598,997	0.32	

Notes:

- (i) The audited consolidated net tangible assets of the Group attributable to the Shareholders of the Company as at 31 December 2007 is derived from the 2007 annual report of the Company.
- (ii) The estimated net proceeds from the Rights Issue is based on 1,565,797,810 Rights Shares to be issued at the Subscription Price of HK\$0.12 per Rights Share, after the deduction of the estimated related expenses of approximately HK\$5.7 million.
- (iii) The calculation of the audited consolidated net tangible assets per Share is based on 3,131,595,629 Shares in issue as at 31 December 2007.
- (iv) The calculation of the unaudited pro forma consolidated net tangible assets per Adjusted Share after the Capital Reorganisation and the Rights Issue is based on 1,878,957,372 Adjusted Shares which represent the 313,159,562 Adjusted Shares and 1,565,797,810 Rights Shares expected to be issued after the completion of the Capital Reorganisation and the Rights Issue.



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

15 May 2008

The Directors
Unity Investments Holdings Limited
Room 2206, 22nd Floor, China United Centre
28 Marble Road
North Point
Hong Kong

Dear Sirs,

We report on the unaudited pro forma financial information of Unity Investments Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) set out on page 78 under the heading of unaudited pro forma consolidated net tangible assets of the Group in Appendix II of the Company’s prospectus dated 15 May 2008 (the “Prospectus”) in connection with the proposed capital reorganisation (the “Capital Reorganisation”) and the proposed rights issue (the “Rights Issue”) of the Company on the Main Board of The Stock Exchange of Hong Kong Limited. The unaudited pro forma financial information has been prepared by the directors of the Company (the “Directors”) for illustrative purposes only, to provide information about how the Capital Reorganisation and the Rights Issue might have affected the relevant financial information of the Group as at 31 December 2007. The basis of preparation of the pro forma financial information is set out on page 78 to the Prospectus.

Respective Responsibilities of Directors and Reporting Accountants

It is the responsibility solely of the directors of the Company to prepare the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

It is our responsibility to form an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of Opinion

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

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the pro forma financial information has been properly compiled by the Directors on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

The unaudited pro forma financial information is for illustrative purposes only, based on the judgements and assumptions of the Directors, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Group as at 31 December 2007 or any future date.

Opinion

In our opinion:

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

Yours faithfully,

Mazars CPA Limited
Certified Public Accountants
Hong Kong

1. RESPONSIBILITY STATEMENT

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

2. SHARE CAPITAL

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

<i>Authorised:</i>		<i>HK\$</i>
<u>20,000,000,000</u>	Shares	<u>2,000,000,000.00</u>
<i>Issued and fully paid or credited as fully paid:</i>		<i>HK\$</i>
<u>3,131,595,620</u>	Shares as at the Latest Practicable Date	<u>313,159,562.00</u>
<i>Issued share capital upon completion of the Rights Issue (assuming no Option is granted and the Issue Mandate is not utilised from the Latest Practicable Date to the Record Date of the Rights Issue):</i>		<i>HK\$</i>
<u>1,878,957,372</u>	Adjusted Shares	<u>187,895,737.20</u>

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

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

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

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

As at the Latest Practicable Date, (1) under the existing scheme mandate limit of the Share Option Scheme, the Company is authorised to issue Options to subscribe up to 313,159,562 Shares and (2) under the Issue Mandate the Company is authorised to issue up to 626,319,125 Shares.

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

3. DISCLOSURE OF INTERESTS

3.1 Interests of Directors

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

3.2 Interests of substantial Shareholders

As at the Latest Practicable Date, so far as is known to the Directors and the chief executives of the Company, Shareholders (other than a Director or chief executive of the Company) who had an interest or short position in the Shares and underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who are, directly or indirectly interested in 10 per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at a general meeting of any member of the Group were as follows:.

Name of Shareholder	Capacity	Number of Shares	Approximate % of shareholding
Willie International Holdings Limited <i>(Note i)</i>	Interest in controlled corporation	410,118,799	13.10%
Radford Capital Investment Limited <i>(Note ii)</i>	Interest in controlled corporation	217,686,300	6.95%
Heritage International Holdings Limited <i>(Note iii)</i>	Interest in controlled corporation	199,928,000	6.38%

Notes:

- (i) Willie International Holdings Limited (stock code: 273), a company listed on the Stock Exchange, is interested in the share capital of the Company indirectly through its wholly-owned subsidiary, Pearl Decade Limited.
- (ii) Radford Capital Investment Limited (stock code: 901), a company listed on the Stock Exchange, is interested in the share capital of the Company indirectly through its wholly-owned subsidiary, Winning Horsee Limited.
- (iii) Heritage International Holdings Limited (stock code: 412), a company listed on the Stock Exchange, is interested in the share capital of the Company indirectly through its wholly-owned subsidiary, Coupeville Limited, and its indirect wholly-owned subsidiary, Dollar Group Limited, a direct wholly-owned subsidiary of Coupeville Limited.

Save as disclosed above, as at the Latest Practicable Date, the Directors and the chief executives of the Company are not aware that there is any person (other than a Director or chief executive of the Company) who had any interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who are, directly or indirectly interested in 10 per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at a general meeting of any member of the Group.

4. COMPETING INTEREST

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

5. LITIGATION

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

6. SERVICE CONTRACTS

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

7. EXPERT

The following is the qualification of the expert who have given advices or opinions in this Prospectus:

Name	Qualification
Mazars CPA Limited	Certified Public Accountants

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

As at the Latest Practicable Date, Mazars CPA Limited was not beneficially interested in the share capital of any member of the Group nor had any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group nor had any interest, either direct or indirect, in any assets which had been, since 31 December 2007, the date to which the latest published audited financial statements of the Company were made up, acquired by or disposed of or leased to or were proposed to be acquired by or disposed of or leased to any member of the Group.

8. EXPENSES

The expenses in connection with the Rights Issue, including underwriting commission, printing, registration, translation, legal and accountancy charges are estimated to amount to approximately HK\$5.7 million and are payable by the Company.

9. PARTICULAR OF DIRECTORS

Name	Address
KITCHELL Osman Bin	Room 2206, 22nd Floor China United Centre 28 Marble Road North Point Hong Kong
CHOI Ka Wing	Room 2206, 22nd Floor China United Centre 28 Marble Road North Point Hong Kong
CHUNG Kong Fei, Stephen	33 Shuicheng Rd. South Shanghai 201103 China
TSANG Wing Ki	Unit 304, 3rd Floor Lippo Sun Plaza 28 Canton Road Tsim Sha Tsui Kowloon, Hong Kong
SWARTZ Kristi Lynn	Room 1202, 12th Floor Dina House Ruttonjee Centre 11 Duddell Street Hong Kong

Executive Directors

Mr. KITCHELL Osman Bin, aged 43 and a Canadian citizen, obtained an honorary diploma from Pickering College in Canada and studied Economics in the University of Toronto, Canada. Mr. KITCHELL is a veteran investor mainly in the Hong Kong equity market with 12 years experience. He has been an investor managing a private family fund. Mr. KITCHELL was appointed as an executive director of the Company on 10 January 2005.

Ms. CHOI Ka Wing, aged 25, completed her high school education in Hong Kong and had further her studies at Perth Institute of Business and Technology in Perth, Australia. Ms. CHOI had had extensive experience in the food and beverage and entertainment businesses. Ms. CHOI was appointed as an executive director of the Company on 9 October 2006.

Independent non-executive Directors

Mr. CHUNG Kong Fei, Stephen, aged 51, obtained a Bachelor Degree of Science from the Wharton School of Business, University of Pennsylvania, the United States of America. Mr. CHUNG is one of the founders and executive directors of SDM Dental Inc., an investment holding company which operating dental clinics in the PRC. Mr. CHUNG has extensive experience in investments in the PRC. Mr. CHUNG is currently the independent non-executive director of Computech Holdings Limited (stock code: 8081), a company listed on the Stock Exchange. Mr. CHUNG was appointed as an independent non-executive director of the Company on 16 March 2004.

Mr. TSANG Wing Ki, aged 46, graduated from The Hong Kong Polytechnic University with a Master Degree in Professional Accounting. Mr. TSANG is a fellow member of both the Hong Kong Institute of Certified Public Accountants and the Associated of Chartered Certified Accountants. Mr. TSANG has more than 20 years experience in the accounting profession. Mr. TSANG was appointed as an independent non-executive director of the Company on 23 September 2004.

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

10. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE OFFER

Registered Office of the Company	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Head office and principal place of business of the Company in Hong Kong	Room 2206, 22nd Floor China United Centre 28 Marble Road North Point Hong Kong
The Hong Kong branch share registrar and transfer office of the Company	Tricor Tengis Limited 26th Floor, Tesbury Centre 28 Queen's Road East Wanchai Hong Kong
Legal advisers to the Company	Richards Butler in association with Reed Smith LLP 20th Floor, Alexandra House 16-20 Chater Road Central Hong Kong
Auditors	Mazars CPA Limited <i>Certified Public Accountants</i> 34th Floor, The Lee Gardens 33 Hysan Avenue Causeway Bay Hong Kong
Principal bankers	Chong Hing Bank Limited Chong Hing Bank Centre 24 Des Voeux Road Central Hong Kong

Authorised representatives

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

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

Company Secretary

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

11. MATERIAL CONTRACTS

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

- (i) an agreement dated 9 March 2007 and a supplemental dated 13 March 2007 entered into between the Company and Get Nice Investment Limited in relation to the rights issue of 1,194,991,160 rights shares on the basis of ten rights shares for every share held by qualifying shareholders at subscription price of HK\$0.1 per rights share. Details of which have already been disclosed in the announcement of the Company dated 12 March 2007;
- (ii) an agreement dated 4 June 2007 entered into between the Company and Chung Nam Securities Limited regarding a placing of 262,898,055 new shares at a placing price of HK\$0.269 per share. Details of which have already been disclosed in the announcement of the Company dated 4 June 2007;

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

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

12. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

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

13. GENERAL

- (i) The company secretary of the Company is LIU Tsui Fong, a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants, the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries.
- (ii) The qualified accountant of the Company appointed under Rule 3.24 of the Listing Rules is LIU Tsui Fong, a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants.

- (iii) None of the Directors has, or has had, any direct or indirect interest in any assets which have been acquired, disposed of or leased to or which are proposed to be acquired, disposed of or leased to the Company or any of their respective subsidiaries, respectively, since 31 December 2007, the date to which the latest published audited financial statements of the Group were made up.
- (iv) There is no contract or arrangement entered into by any member of the Group, subsisting as at the date of the Prospectus in which any of the Directors is materially interested and which is significant in relation to the business of the Group as a whole.
- (v) In case of inconsistency, the English text of the Prospectus shall prevail over the Chinese text.

14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the head office and principal place of business of the Company in Hong Kong at Room 2206, 22nd Floor, China United Centre, 28 Marble Road, North Point, Hong Kong from the date of the Prospectus up to and including 10 June 2008:

- (i) the memorandum and articles of association of the Company;
- (ii) the annual reports of the Company for the three financial years ended 31 December 2005, 31 December 2006 and 31 December 2007;
- (iii) the letter issued by Mazars CPA Limited on pro forma statement of unaudited adjusted consolidated net tangible assets of the Group, the text of which is set out on page 78 of the Prospectus;
- (v) the Underwriting Agreement;
- (vi) the written consent referred to in paragraph headed “Expert” in this appendix; and
- (vii) all material contracts referred to in the paragraph headed “Material contracts” in this appendix.