



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)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2004

The Board of Directors of Unity Investments Holdings Limited (the “Company”) announces that the audited results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2004 are as follows:

	<i>Note</i>	2004 HK\$	2003 <i>HK\$</i>
Turnover			
Proceeds from sale of trading securities	<i>1</i>	125,003,049	15,525,940
Cost of sales		(133,065,935)	(8,641,821)
Realised (loss)/gain on sale of trading securities		(8,062,886)	6,884,119
Unrealised gain/(loss) on trading securities		14,787,456	(27,038,224)
Impairment loss of investment securities		(20,000,000)	–
Other revenues	<i>1</i>	1,017,217	182,315
Administrative expenses		(3,372,820)	(4,654,807)
Operating loss	<i>2</i>	(15,631,033)	(24,626,597)
Finance costs		(1,178,991)	(806,535)
Loss before taxation	<i>3</i>	(16,810,024)	(25,433,132)
Taxation	<i>4</i>	–	–
Loss attributable to shareholders		(16,810,024)	(25,433,132)
Basic loss per share	<i>5</i>	(7.19) cents	(15.22) cents
Diluted per share	<i>5</i>	N/A	N/A

Notes:

- (1) The Group is principally engaged in the investment in listed and unlisted companies. Revenues recognized during the year are as follows:

	2004 <i>HK\$</i>	2003 <i>HK\$</i>
Turnover		
Proceeds from sale of trading securities	<u>125,003,049</u>	<u>15,525,940</u>
Other revenues		
Interest income	398	185
Dividend income from investment securities	<u>1,016,819</u>	<u>182,130</u>
	<u>1,017,217</u>	<u>182,315</u>
Total revenues	<u><u>126,020,266</u></u>	<u><u>15,708,255</u></u>

All of the Group's turnover, contribution to operating loss, assets and liabilities are attributable to the investments in listed and unlisted companies and accordingly no analysis of the Group's turnover, contribution to operating loss, assets and liabilities by principal activities is provided.

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

- (2) Operating loss is stated after crediting and charging the following:

	2004 <i>HK\$</i>	2003 <i>HK\$</i>
Crediting		
Negative goodwill recognised	<u>369,016</u>	<u>–</u>
Charging		
Auditors' remuneration	240,000	195,000
Depreciation	170,294	153,408
Loss on disposal of fixed assets	3,838	–
Staff costs, including directors' remuneration	586,076	1,104,200
Operating leases – land and buildings	<u>740,796</u>	<u>894,286</u>

- (3) Loss before taxation is stated after charging depreciation of HK\$170,294 (2003: HK\$153,408)
- (4) Hong Kong profits tax has not been provided in the accounts as the Group has no estimated assessable profit during the year (2003:Nil).
- (5) The calculation of basic loss per share is based on the Group's loss attributable to the shareholders of HK\$16,810,024 (2003: HK\$25,433,132). The basic loss per share is based on the weighted average of 233,651,275 (2003: 167,101,831 being adjusted to reflect the effect of rights issue in November 2004) ordinary shares in issue during the year. Diluted loss per share has not been presented for the year as there was no dilutive effect.

LIQUIDITY AND CAPITAL RESOURCES

During the period from 1 January 2004 to the date of this Announcement, changes in the capital structure of the Company are as follows:

The Company completed two share placements and one rights issue on the basis of one rights share for every three existing shares held by the shareholders. Additional equity of approximately HK\$28,960,000 has been raised for additional working capital to 31 December 2004.

On 10 January 2005, the Company entered into an agreement to place an additional 15,998,000 ordinary shares of HK\$0.10 each at HK\$0.14 per share, raising net approximately HK\$2,180,000.

As at 31 December 2004, the Company's total shareholders' funds amounted to HK\$106,914,475(2003: HK\$97,922,065), representing an increase of approximately 9.18% year-on-year.

REVIEW OF OPERATIONS

The Hang Seng Index (the "Index" or "HSI") managed to stage a strong rebound after registering its year low of 10,917.65 in May in spite of the short-lived jitters triggered by the Legislative Council election in September. Share price performances of selected companies, particularly those having plans and investments in the Macau Special Administrative Region, were strong in the last quarter of 2004. Having hit the year high of 14,339.06 on 2 December 2004, the HSI managed to finish the year with a 13.15% year-on-year gain. A total of approximately HK\$265,668.41 million were raised through initial public offers, rights issues and share placements among companies listed on the Main Board of the year ended 31 December 2004, representing a year-on-year increase of 27.09%. In the Growth Enterprises Market (the "GEM"), a total of HK\$5,279.69 million were also raised, 13.68% more than the corresponding period in the previous year.

To capitalize on the positive market sentiment, the Board proposed a rights issue of HK\$0.10 each at HK\$0.14 per rights issue on the basis of one rights share for every three shares held in November. Net proceeds of approximately HK\$12.2 million were raised. Together with the two share placements completed in the first quarter, the Company raised more than HK\$27 million for repayment of debts, general working capital and investments during the Period.

The breakdown of the Group's portfolio of investment assets as at 31 December 2004 is as follows:

Item	Market value <i>HK\$'000</i>	Percentage of consolidated net asset value
Cash and deposits with banks	1,055,097	0.99%
Trading securities	53,600,270	50.14%
Long-term investment securities	56,753,110	53.08%

As at 31 December 2004, the cash and bank balance of the Group was approximately HK\$1,055,000 (2003: HK\$359,000), There was no long term or no material contingent liability, translating a zero gearing ratio as at 31 December 2004.

As most of the Group's transactions and bank deposits were denominated in Hong Kong dollars, the Group's exposure to foreign exchange risk was minimal.

ACQUISITION

On 21 June 2004, the Group acquired 100% of the share capital of Anchor Talent Limited which is engaged in investment holding and was incorporated in the British Virgin Islands. The consideration of HK\$9,000,000 was settled in cash. The fair value of the net identifiable assets at the date of acquisition were HK\$9,369,016. The resulting negative goodwill of HK\$369,016 was recognized in the Profit and Loss account.

INVESTMENT PORTFOLIO

In terms of market value, trading securities and investment securities represent 50.14% and 53.08% respectively of the Group's investment portfolio as at 31 December 2004. The Group's portfolio of trading securities covers a wide spectrum of industries, including general trading, property and China investment. The Group's portfolio of long-term investment securities is also well-diversified and covers financial services, general trading and manufacturing. The Group's portfolio of trading securities saw a 73.98% rise in fair value. Book value of the portfolio of investment securities, however, dropped by 30.20%, principally attributable to the provision made against an investment item, which is listed as "Impairment loss of investment securities" in the summarized Profit and Loss account.

PROSPECTS

While the Group remains positive towards the long-term prospects of the investments in its investment portfolio, the Group may make new investment as the Group has recently raised additional funds through the share placement in January 2005.

Hong Kong economy is witnessing a gradual recovery, which may provide better opportunities in the market enabling the Company to achieve its investment targets. In anticipation of such improvement and to further enhance financial flexibility and to erase part of the Company's accumulated losses, the Board puts forward proposals to raise its authorized capital and reduce its share capital recently. Details are presented in a separate Circular dispatched to shareholders of the Company in January 2005. The Board believes that these corporate exercises would help the Group build a stronger platform for capturing opportunities.

PLEDGE OF ASSETS

During the year, HK\$50 million was drawn for investments and the whole amount has been repaid by year end. As at 31 December 2004, margin facilities from a financial institution were granted to the Company which were secured by the Company's investment and trading securities. As at 31 December 2004, a total amount of HK\$3,876,000 has been utilised against these facilities. There was no material contingent liability as at 31 December 2004.

EMPLOYEES

The Group had 9 employees, including 4 executive directors and 4 independent non-executive directors remunerated based on their performance, working experience and prevailing market standards. For the year ended 31 December 2004, the total staff costs paid/payable to these 4 directors by the Group were approximately HK\$586,076 (2003: HK\$1,104,200) and there has been no significant change in the Group's remuneration policy.

POST BALANCE SHEET EVENTS

(I) Issue of New Shares

On 10 January 2005, the Company entered into an agreement with an independent third party (the “Subscriber”) to issue 15,998,000 ordinary shares of HK\$0.10 each (the “Subscription Shares”) at HK\$0.14 per share, raising net proceeds of approximately HK\$2.18 million which are utilized for working capital. The Subscription Shares of 15,998,000 ordinary shares of HK\$0.10 each were subsequently allotted and issued to the Subscriber on 28 January 2005.

(II) Proposed increase in authorised share capital, proposed capital reorganisation and refreshment of share option mandate limit

On 11 January 2005, the Company announced that it intended to put forward the following proposals:

- (a) to increase the authorised share capital to HK\$500,000,000 by creation of ordinary shares of HK\$0.01 each in the capital of the Company (“New Shares”) as shall be necessary;
- (b) to reduce the issued share capital of the Company by cancelling the issued and paid-up capital to the extent of HK\$0.09 on each issued share thereby reducing the nominal value of each issued share from HK\$0.10 to HK\$0.01;
- (c) to subdivide every unissued share into 10 New Shares; and
- (d) to refresh the share option scheme mandate limit.

Shareholders of the Company in an extraordinary general meeting held on 28 February 2005 subsequently approved the proposals. The proposed capital reorganisation, however, is subject to the following conditions being fulfilled:

- (a) Compliance with any conditions which the Grand Court of the Cayman Islands (the “Court”) may impose;
- (b) The confirmation of the capital reduction by the Court and the registration by the Registrar of Companies in the Cayman Islands of a copy of the Court order and the minute containing the particulars required under the Companies Laws; and
- (c) The Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the new Shares.

(III) Additional investment of HK\$3,000,000 made to Hennabun Management International Limited

On 14 January 2005, the Group further invested HK\$3,000,000 to purchase 4,000,000 additional shares of Hennabun Management International Limited., at a price of HK\$0.75 per share.

PUBLICATION OF ANNUAL REPORT ON THE WEB-SITE OF THE STOCK EXCHANGE OF HONG KONG LIMITED (“SEHK”)

The detailed results of the Group for the year ended 31 December 2004 (including all the information required by Paragraphs 45(1) to 45(3) of Appendix of the Rules Governing the Listing of Securities on SEHK) will be published on the web-site of SEHK in due course.

By order of the Board
PANG Shuen Wai, Nichols
Executive Director

Hong Kong, 18 March 2005

As at the date of this announcement, the executive directors are Ms. AU Shuk Yee Sue, Mr. KITCHELL Osman Bin and Dr. PANG Shuen Wai Nichols. The independent non-executive directors are Mr. LAM Ping Cheung, Mr. WONG Ying Seung Asiong, Mr. CHUNG Kong Fei Stephen and Mr. TSANG Wing Ki.