



**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 31ST DECEMBER 2005**

**RESULTS**

Unity Investments Holdings Limited (the “Company”) and its subsidiaries (collectively the “Group”) announced that for the financial year ended 31st December 2005 (the “Year”), the Group registered a turnover of HK\$162,620,520 (2004: HK\$125,003,049) and a net loss of HK\$44,513,118 (2004: HK\$16,810,024). The increase in net loss principally reflected the present value adjustment and impairment loss of loan receivable and unrealized loss on investments held for trading.

**CONSOLIDATED INCOME STATEMENT**

*For the year ended 31st December 2005*

	<i>Note</i>	<b>2005</b> <i>HK\$</i>	2004 <i>HK\$</i>
<b>Turnover</b>	4	<b>162,620,520</b>	125,003,049
Other revenue	4	<b>2,025,440</b>	1,017,217
Cost of sales		<b>(175,856,857)</b>	(133,065,935)
Loan receivable:			
– Present value adjustment		<b>(5,770,914)</b>	–
– Impairment loss		<b>(6,729,086)</b>	–
Unrealised (loss)/gain on investments held for trading		<b>(9,328,737)</b>	14,787,456
Impairment loss on available-for-sale investments		<b>(3,000,000)</b>	(20,000,000)
Other operating expenses		<b>(5,422,312)</b>	(3,372,820)
Finance costs	6	<b>(3,051,172)</b>	(1,178,991)
<b>Loss before taxation</b>	6	<b>(44,513,118)</b>	(16,810,024)
Taxation	7	<b>–</b>	–
<b>Loss attributable to shareholders</b>	8	<b><u>(44,513,118)</u></b>	<b><u>(16,810,024)</u></b>
<b>Loss per share – Basic</b>	9	<b><u>(7.64) cents</u></b>	<b><u>(7.19) cents</u></b>

## CONSOLIDATED BALANCE SHEET

As at 31st December 2005

	2005 HK\$	2004 HK\$
<b>ASSETS AND LIABILITIES</b>		
<b>Non-current assets</b>		
Property, plant and equipment	55,563	141,954
Available-for-sale investments/Investment securities	43,481,071	56,753,110
Loan receivable	12,500,000	–
	<u>56,036,634</u>	<u>56,895,064</u>
<b>Current assets</b>		
Investments held for trading/Trading securities	114,155,712	53,600,270
Deposits, prepayments and other receivables	4,281,835	108,926
Bank balances and cash	61,060	1,055,097
	<u>118,498,607</u>	<u>54,764,293</u>
<b>Current liabilities</b>		
Other payables and accruals	17,748,826	4,744,883
Short-term borrowings, unsecured	20,378,082	–
	<u>38,126,908</u>	<u>4,744,883</u>
<b>Net current assets</b>	<u>80,371,699</u>	<u>50,019,410</u>
<b>NET ASSETS</b>	<u>136,408,333</u>	<u>106,914,474</u>
<b>CAPITAL AND RESERVES</b>		
Share capital	72,729,116	38,400,000
Reserves	63,679,217	68,514,474
	<u>136,408,333</u>	<u>106,914,474</u>

Notes:

### 1. GENERAL INFORMATION

The Company is a public company incorporated in the Cayman Islands with limited liability and its shares are listed on the Stock Exchange of Hong Kong Limited. The addresses of the registered office and 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. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group adopted the following new/revised Hong Kong Financial Reporting Standards (“HKFRSs”), Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which are effective for accounting periods beginning on or after 1st January 2005. The major impacts on the changes in accounting policies are summarized below:

### **HKFRS 2: “Share-based payment”**

The adoption of HKFRS 2 has resulted in a change in the accounting policy for the recognition of an expense and a corresponding entry to equity in respect of directors’ and employees’ share options. The Group has applied HKFRS 2 retrospectively and has taken advantage of the transitional provisions provided therein. As a result, the Group has applied HKFRS 2 only to share options granted after 7th November 2002 which had not vested on 1st January 2005.

The adoption of HKFRS 2 had no significant impact on the results and financial position for the current and prior accounting years. The options granted during the year have been fully exercised and the expense so calculated is immaterial to the financial statements for the year ended 31st December 2005.

### **HKAS 32 Financial instruments: Disclosure and presentation and HKAS 39 Financial instruments: Recognition and measurement**

HKAS 32 requires retrospective application and primarily addresses the classification of financial instruments issued by an entity and prescribes disclosure requirements of financial instruments. HKAS 39 deals with recognition, measurement, derecognition of financial instruments and also prescribes requirements for hedge accounting. HKAS 39 generally does not permit the recognition, derecognition, or measurement of financial assets and liabilities on a retrospective basis. The principal effects of the adoption of the requirements of HKAS 32 and HKAS 39 are summarized below:

Up to 31st December 2004, the Group classified its equity securities in accordance with the alternative treatment of Statement of Standard Accounting Practice 24 *Accounting for Investments in Securities* (“SSAP 24”). Under SSAP 24, investments in debt or equity securities were classified as “investment securities” or “trading securities”. Both investment securities and trading securities were measured at fair value. Unrealised gains or losses of investment securities were reported in equity until the securities were sold or determined to be impaired, at which time the cumulative gain or loss previously recognised in equity was included in income statement for that period. Unrealised gains or losses of trading securities were reported in profit or loss for the period in which gains or losses arose.

In accordance with HKAS 39, investments are classified into held-to-maturity investments, loans and receivables, financial assets at fair value through profit or loss and available-for-sale financial assets. Upon adoption of this Standard, the Group has redesignated its investment securities and trading securities as “available-for-sale investments” and financial assets at fair value through profit or loss, described as “investments held for trading” respectively.

Apart from certain changes in presentation and disclosures, the adoption of HKAS 32 and 39 has no impact on the Group’s financial statements.

### **Future changes in HKFRS**

At the date of authorisation of these financial statements, the HKICPA has issued a number of Standards and Interpretations that are not yet effective and the Group has not early adopted them.

The directors anticipate that the adoption of these new Standards and Interpretations in future periods will have no material impact on the Group’s financial statements.

### 3. PRINCIPAL ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”) and by the Companies Ordinance.

#### Basis of preparation

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

### 4. TURNOVER AND REVENUE

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

	2005 <i>HK\$</i>	2004 <i>HK\$</i>
<b>Turnover</b>		
Proceeds from sale of investments held for trading	<u>162,620,520</u>	<u>125,003,049</u>
<b>Other revenue</b>		
Interest income	223,064	398
Dividend income – listed investments	<u>1,802,376</u>	<u>1,016,819</u>
	<u>2,025,440</u>	<u>1,017,217</u>
<b>Total revenue</b>	<u><u>164,645,960</u></u>	<u><u>126,020,266</u></u>

### 5. SEGMENT INFORMATION

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

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

## 6. LOSS BEFORE TAXATION

	2005 HK\$	2004 HK\$
This is stated after charging (crediting):		
<b>Finance costs</b>		
Interest on bank overdrafts	–	698,334
Interest on short-term borrowings	2,742,473	480,657
Interest on convertible notes	308,699	–
	<u>3,051,172</u>	<u>1,178,991</u>
<b>Staff costs</b>		
Employee benefits expense, excluding directors' remuneration	26,501	43,310
Contributions to defined contribution plans	16,370	2,116
	<u>42,871</u>	<u>45,426</u>
<b>Other items</b>		
Auditors' remuneration	240,000	240,000
Depreciation	135,661	170,294
(Gain)/Loss on disposal of property, plant and equipment	(5,790)	3,838
Loss on disposal of available-for-sale investments	607,864	–
Operating leases in respect of:		
– land and buildings	374,000	740,796
– hire of machinery	20,796	–
Negative goodwill recognised	–	(369,016)

## 7. TAXATION

Hong Kong profits tax has not been provided in the financial statements as the Group has no estimated assessable profit during the Year (2004: Nil).

## 8. LOSS ATTRIBUTABLE TO SHAREHOLDERS

The loss attributable to shareholders dealt with in the financial statements of the Company is HK\$65,087,550 (2004: Loss of HK\$3,619,966).

## 9. LOSS PER SHARE

The calculation of basic loss per share is based on the Group's loss attributable to the shareholders of HK\$44,513,118 (2004: HK\$16,810,024) and the weighted average number of 582,963,638 (2004: 233,651,275) ordinary shares in issue during the year.

Diluted loss per share has not been presented for the Year as there was no dilutive effect.

## BUSINESS REVIEW

The Group's investment strategy has been targeting on under-valued, mid-and small-capitalization companies with quality management and good business prospects in different sectors and industries with calculated risks, with the anticipation that the possible re-rating of the Group's investments will eventually set off the short-term depreciation of investment values. In this regard, the Group did not make frequent unscheduled disposals of assets, leading to unavoidable impairment loss of loan receivable and change in fair value of investments.

To facilitate diversification and reduce market risks, the Company during the Year under review has focused on enhancing its shareholders base and strengthening its shareholders' equity. Through various fund-raising exercises, the Company witnessed a 27.59% increase in the size of its shareholders' equity. As at 31st December 2004, the Company's shareholders' equity amounted to only HK\$106,914,474 and managed to grow significantly to HK\$136,408,333 as at 31st December 2005. In terms of diversification, the Group also earmarked significant improvements during the Year. As at 31st December 2004, the Group had investments in a mere of 13 items, including securities in 12 listed companies and equity interest in 1 unlisted company. By 31st December 2005, the Group has already expanded its investment portfolio by adding more than 6 investment projects into its portfolio. Currently, the Group's portfolio covers a wide range of industries and sectors, including, but not limited to, securities investment companies and companies engaged in the businesses of infrastructure, trading, information technologies, media, energy and etc. The Group also invested in fixed income instruments during the Year so as to build its recurrent revenue base. In fact, the Group's income from dividend from listed investment securities grew by 77.25% to HK\$1,802,376.

## **LIQUIDITY AND CAPITAL RESOURCES**

During the Year, the Company completed four corporate exercises to enhance its equity base.

On 10th January 2005, the board of directors (the "Directors") proposed to issue 15,998,000 shares of HK\$0.10 each at HK\$0.14 (the "Placing Shares") to an individual investor (the "Investor"), raising approximately HK\$2,180,000. The Investor has undertaken to the Company that it shall not, within a period of 12 months from completion of the agreement, sell, transfer, dispose of, or enter into any agreement to dispose of or otherwise create any options, rights or interests in respect of any of the subscription shares. The shares were allotted on 28th January 2005, enhancing the Company's shareholders' equity by approximately 4.02%.

On 1st April 2005, the Company granted share options to 11 parties under the share option scheme adopted on 2nd May 2003 at an exercise price of HK\$0.10 each. All grantees opted to vest and, as a result, a total of 39,900,000 shares of HK\$0.10 each was subsequently issued.

On 1st June 2005, the Company further issued 87,978,000 shares of HK\$0.01 each at HK\$0.041 by way of placing of shares, expanding the Company's shareholders' equity by another 16.67%.

On 30th June 2005, shareholders of the Company approved the issuance of HK\$20,000,000 notes convertible into the ordinary shares of the Company (the "Convertible Notes"). During the Year, all Convertible Notes were converted and, as a result, an aggregate of 146,627,563 shares of HK\$0.10 each was issued.

On 13th September 2005, the Company reorganized its Capital by reducing the paid-up and nominal value of the issued shares by HK\$0.09 per share to HK\$0.01 per share.

By a special resolution passed at the extraordinary general meeting held on 7th October 2005, the Company allotted 10 Rights Shares for every Consolidated Share, which was created by consolidating 10 issued shares of HK\$0.01 each into 1 share of HK\$0.10 on 13th September 2005, by way of Rights Issue.

On 7th December 2005, the Directors proposed to issue 250,000,000 shares at HK\$0.14 each by way of placing of shares (the "Proposal") and the Proposal was subsequently approved by shareholders at an extraordinary general meeting held on 26th January 2006.

The Group's overall liquidity and capital positions have improved as a result of these exercises.

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.

## INVESTMENT PORTFOLIO

The breakdown of the Group's portfolio as at 31st December 2005 was:

	Market value <i>HK\$</i>	Percentage of the Group's Portfolio
Available-for-sale investments/Investment securities	43,481,071	25.55
Loan receivable	12,500,000	7.34
Investments held for trading/Trading securities	114,155,712	67.07
Bank balances and cash	61,060	0.04
	<u>170,197,843</u>	<u>100.00</u>

Pursuant to the requirements stipulated in chapter 21.12 of the Listing Rules, the Group discloses its 10 largest investments as follows:

Stock Code	Name	Number of Shares	Cost <i>HK\$</i>	Market Value <i>HK\$</i>	Unrealised Gain/(Loss) <i>HK\$</i>	Dividends/ Interest Income <i>HK\$</i>
273	Willie International Holdings Limited	168,704,000	36,483,544.00	45,550,080.00	9,066,536.00	-
613	Yugang International Limited	322,400,000	14,055,901.34	34,174,400.00	20,118,498.66	1,064,886.00
412	Heritage International Holdings Limited	406,840,000	20,657,385.34	15,459,920.00	(5,197,465.34)	-
1224	Qualipak International Holdings Limited	157,920,000	21,809,710.43	14,528,640.00	(7,281,070.43)	348,000.00
032	The Cross-Harbour (Holdings) Limited	1,497,000	9,945,100.00	8,607,750.00	(1,337,350.00)	257,780.00
985	China Sci-Tech Holdings Limited					
	- Convertible Notes	-	8,100,000.00	8,100,000.00	-	223,063.00
651	Wonson International Holdings Limited	191,468,000	11,392,078.00	6,126,976.00	(5,265,102.00)	-
622	Enerchina Holdings Limited	6,000,000	4,363,636.36	5,040,000.00	676,363.64	-
901	Radford Capital Investment Limited	77,776,000	6,734,896.00	4,666,560.00	(2,068,336.00)	-
021	Beauforte Investors Corporation Limited	13,500,000	4,590,000.00	4,455,000.00	(135,000.00)	-

## PROSPECTS

Given the fact that the overall economic conditions globally and domestically have been improving, the long-term investment environment is anticipated to become more favourable. However, the strong performances of the local stock market and overseas equity markets, in particular the American stock exchanges, have led to higher valuations. Meanwhile, outbreak of wide-spread avian flu is possible, potentially sparking off short-term securities prices volatility in the capital market. Against such backdrop, the Group remains cautiously optimistic towards the market and will build a more balanced portfolio through diversification and further enhancement in the size of its assets base.

Through a series of corporate exercises, the Group had already enhanced its equity base to the extent facilitating diversification of the Group's portfolio. To achieve a more balanced risk and return profile, the Group will continue to diversify its portfolio if appropriate investment opportunities arise while maintaining its investment strategy of investing in under-valued, mid- and small-capitalization companies with good quality management and good business prospects in various industries and sectors.

## **EMPLOYEES**

As at 31st December 2005, the Group had 7 employees, including 3 executive directors and 3 independent non-executive directors. They are remunerated based on their performance, working experience and prevailing market standards. For the Year, the total staff costs paid/payable amounted to HK\$637,816 (2004: HK\$671,026) and there has been no significant change in the Group's remuneration policy.

## **PLEDGE OF ASSETS**

At the balance sheet date, the Group's investment in listed investments held for trading with an aggregate net book value of HK\$17,167,218 (2004: HK\$3,876,000) were pledged to brokers to secure margin financing provided to the Group.

## **DIVIDEND**

The Board does not recommend the payment of a final dividend for the Year (2004: NIL).

## **PURCHASE, SALE OR REDEMPTION OF SHARES**

The Company has not redeemed any of its shares during the Year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the Year.

## **AUDIT COMMITTEE REVIEW**

The Audit Committee has reviewed the Group's audited financial statements for the Year, including the accounting principles and practices adopted by the Group.

## **POST BALANCE SHEET EVENTS**

On 1st December 2005, the Company entered into a placing agreement with Chung Nam Securities Limited to place 250,000,000 ordinary shares of HK\$0.10 each (the "Placing Shares") at HK\$0.14 per share, raising net proceeds of approximately HK\$34.2 million for working capital, investment and repayment of margin loans. The Placing Shares of 250,000,000 ordinary shares of HK\$0.10 each were subsequently allotted and issued to not less than six places on 27th February 2006.

## **COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES**

With effect from 1 January 2005, the Company has applied the principles and complied with the requirements of the Code on Corporate Governance Practices (the "Code Provision") of the Listing Rules on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), save for certain deviation in respect of services terms of directors and communication with shareholders.



Code provision A.4.2. stipulates that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. Accordingly, the Articles of Association of the Company will be amended to specify that any director appointed to fill a casual vacancy shall hold office until the next following general meeting instead of the next following annual general meeting.

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term. The Company has not fixed the term of appointment for non-executive directors, which constitutes a deviation from Code Provision of A.4.1. However, all non-executive directors are also subject to retirement by rotation at least once every three years and re-election at the annual general meeting of the Company.

Code provision E.1.2 stipulates that the chairmen of the audit and remuneration committees or in the absence of the chairmen of such committees, another member of the committee or failing this his duly appointed delegate, should be available to answer questions at the annual general meeting. Neither of the Chairmen nor the members of the board committees has attended and been available to answer questions in the annual general meeting and extraordinary general meeting. However, opinions of all INED had been expressed and endorsed in the letter from independent board committee, which included in circulars for general meetings.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted a code of conduct as its own code of conduct less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules as its own code of conduct. Having made specific enquiry of all Directors, they had complied with the required standards of the said code during the Year.

## **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 (including all the information required by Paragraphs 45(1) to 45(3) of Appendix 16 of the Listing Rules) will be published on the web-site of the SEHK in due course.

By order of the Board  
**PANG Shuen Wai Nichols**  
*Chairman and Executive Director*

Hong Kong 10th April 2006

*As at the date hereof, the executive directors of the Company are Messrs. Pang Shuen Wai, Nichols, Kitchell Osman Bin and Wong Man Hon, Frederick and the independent non-executive directors of the Company are Messrs. Lam Ping Cheung, Chung Kong Fei, Stephen and Tsang Wing Ki.*