



Unity Investments Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

ANNUAL REPORT 2006

Stock Code: 913

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Management Discussion and Analysis

REVIEW OF OPERATIONS

Unity Investments Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") announced that for the financial year ended 31 December 2006 (the "Year"), the Group registered a turnover of HK\$295,055,810 (2005: HK\$162,620,520) and a net profit of HK\$12,204,259 (2005: net loss of HK\$44,513,118). The increase in net profit principally reflected the realised gain on disposal of available-for-sale investments. The Group's investment strategy remains at targeting on under-valued, mid- and small-capitalisation listed companies with quality management and good business prospects in different sectors and industries, with the anticipation that the possible re-rating of the Group's investee companies will eventually offset any 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 enhanced its shareholders base and strengthening its shareholders' equity by way of two share placements and witnessed a 55.61% increase in the size of its shareholders' equity. As at 31 December 2005, the Group's shareholders' equity amounted to only HK\$136,408,333 and managed to grow significantly to HK\$212,261,266 as at 31 December 2006.

In terms of diversification, the Group's current investment 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, manufacturing, trading, information technologies, media, energy, property investment, securities investment etc. The Group also invested in convertible notes during the Year which will provide the Company with fixed income so as to build its recurrent revenue base and will also provide the opportunity to gain in any upside appreciation. In fact, the Group's dividend income from listed investment securities grew by approximately 69.68% to HK\$3,058,244 (2005: HK\$1,802,376).

LIQUIDITY AND CAPITAL RESOURCES

During the Year, the Company completed two share placements to enhance its capital structure and to promote greater financial flexibility for seizing appropriate investment opportunities as they arisen.

By an ordinary resolution passed on 27 February 2006, the Company agreed conditionally to place 250,000,000 ordinary shares of HK\$0.10 each of the Company on a fully underwritten basis to independent investors at a price of HK\$0.14 per share and raised net proceeds of approximately HK\$34.12 million.

By an ordinary resolution passed on 15 May 2006, the Company agreed conditionally to place, on a best-effort basis, 145,000,000 ordinary shares of HK\$0.10 each of the Company on a fully underwritten basis to independent investors at a price of HK\$0.20 per share and raised net proceeds of approximately HK\$28.22 million.

As most of the Group's transactions, investments and bank deposits were denominated in Hong Kong dollars, the Group's exposure to foreign exchange risk was not significant, foreign exchange loss for the Year was HK\$316,520 (2005: Nil).

Management Discussion and Analysis

INVESTMENT PORTFOLIO

The breakdown of the Group's investment portfolio as at 31 December 2006 was:

	Market value HK\$	Percentage of the Group's Portfolio
Available-for-sale investments	36,093,113	16.20%
Investments held for trading	186,108,664	83.54%
Bank balances and cash	576,359	0.26%
	222,778,136	100%

The size of the Group's investment portfolio had experienced substantial growth when compared with the portfolio size of HK\$170,197,843 recorded as at 31 December 2005. The Group's portfolio covers a wide array of industries and sectors including, but not limited to, securities investment companies and companies engaging in the businesses of infrastructure, manufacturing, trading, information technologies, media, energy, property investment, securities investment etc.

Pursuant to the requirements stipulated in chapter 21.12 of the rules governing the listing of securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), the Group discloses its 10 largest investments as follows:

Code	Name	Number of shares	Cost HK\$	Market value HK\$	Unrealized gain/ (loss) HK\$	Dividends/ interest income HK\$
1224	Qualipak International Holdings Limited	75,770,000	15,473,174	37,885,000	22,411,826	822,480
75	Y.T. Realty Group Limited	21,168,000	25,439,400	28,153,440	2,714,040	522,500
5206	Universal Technology Systems Inc.	20,001,000	28,675,269	22,771,275	(5,903,994)	—
412	Heritage International Holdings Limited	810,900,000	17,717,878	19,461,600	1,743,722	—
PACSP	Pacific Century Regional Developments Limited	11,000,000	21,121,548	18,975,000	(2,146,548)	—
273	Willie International Holdings Limited	157,460,000	39,469,480	17,478,060	(21,991,420)	—
1083	Panva Gas Holdings Limited	2,912,000	13,802,996	14,268,800	465,804	—
985	China Sci-Tech Holdings Limited					
	— Convertible Notes	—	11,000,000	11,000,000	—	281,534
	— Shares	25,312,000	2,792,016	2,505,888	(286,128)	—
488	Lai Sun Development Company Limited	33,200,000	11,267,500	9,130,000	(2,137,500)	—
32	Cross-Harbour (Holdings) Limited	1,037,000	5,962,750	6,906,420	943,670	290,360

Management Discussion and Analysis

Qualipak International Holdings Limited (“Qualipak”), with effective from 10 January 2007, Qualipak was renamed to C C Land Holdings Limited, incorporated in the Bermuda, is an industrial group principally engaging in sales of packaging products and travel bags, property development, property investment and securities trading and investment.

For the financial year ended 31 December 2006, the audited consolidated profit from ordinary activities attributable to equity holders of Qualipak was HK\$627,871,000 with the basic earnings per share and diluted earnings per share being HK\$112.40 cents and HK\$105.80 cents respectively. As at 31 December 2006, its audited consolidated net assets was HK\$5,433,435,000. During the Year, the Group has received aggregate dividend of HK\$822,480 from Qualipak. As at 31 December 2006, market value of this investment represented 17.85% of the Group’s consolidated net asset value.

Y.T. Realty Group Limited (“Y.T. Realty”), incorporated in the Bermuda, is a properties group principally engaging in property investment, property trading and providing property management services.

For the financial year ended 31 December 2006, the audited consolidated profit attributable to equity holders of Y.T. Realty was HK\$288,088,000 with basic earnings per share being HK\$36.00 cents. As at 31 December 2006, its audited consolidated net assets was HK\$2,634,151,000. During the Year, the Group has received of aggregate dividend of HK\$522,500 from Y.T. Realty. As at 31 December 2006, market value of this investment represented 13.26% of the Group’s consolidated net asset value.

Universal Technology Systems Inc. (“Universal Technology”), incorporated in Taiwan and listed in Taiwan Stock Market, is an information technology company principally engaging in systems solutions and integrations, and in the sourcing of computer softwares and hardwares.

For the financial year ended 30 June 2006, the audited consolidated profit attributable to equity holders of Universal Technology was NT\$1,420,000 with basic earnings per share being NT\$0.08. As at 30 June 2006, its audited consolidated net assets was NT\$453,394,000. During the Year, the Group has not received any dividend from this investment. As at 31 December 2006, market value of this investment represented 10.73% of the Group’s consolidated net asset value.

Heritage International Holdings Limited (“Heritage”), incorporated in the Bermuda, is an investment holding company principally engaging in property investment, investment in securities and money lending.

For the financial year ended 31 March 2006, the audited consolidated loss from ordinary activities attributable to equity holders of Heritage was HK\$24,176,000. As at 31 March 2006, its audited consolidated net assets was HK\$821,035,000. During the Year, the Group has not received any dividend from this investments. As at 31 December 2006, market value of this investment represented 9.17% of the Group’s consolidated net asset value.

Management Discussion and Analysis

Pacific Century Regional Developments Limited (“Pacific Century”), incorporated in Singapore and listed on the Singapore Exchange Securities Trading Limited, is engaged in a range of businesses including the provision of a range of whole life, endowment, term life insurance and other related products in Hong Kong and investment in and development of infrastructure and properties.

For the financial year ended 31 December 2005, the audited consolidated profit from ordinary activities attributable to equity holders of Pacific Century was S\$15,458,000 with basic earnings per share being S\$0.50 cents. As at 31 December 2005, its audited consolidated net liabilities was S\$178,084,000. During the Year, the Group has not received any dividend from this investment. As at 31 December 2006, market value of this investments represented 8.94% of the Group’s consolidated net asset value.

Willie International Holdings Limited (“Willie”), incorporated in Hong Kong, is an investment holding company principally engaging in trading securities, brokerage and financial services and property investment.

For the financial year ended 31 December 2006, the audited consolidated loss from ordinary activities attributable to equity holders of Willie was HK\$114,761,000. As at 31 December 2006, its audited consolidated net assets was HK\$329,614,000. During the Year, the Group has not received any dividend from this investment. As at 31 December 2006, market value of this investment represented 8.23% of the Group’s consolidated net asset value.

Panva Gas Holdings Limited (“Panva Gas”), incorporated in the Cayman Islands, is an investment holding company. Its subsidiaries are principally engaging in sales and distribution of liquefied petroleum gas (“LPG”) and natural gas (together “Gas Fuel”) in the People’s Republic of China (the “PRC”) including sale of LPG in bulk and in cylinders, the provision of piped LPG and natural gas, construction of gas pipelines, the operation of city gas pipeline network, the operation of Gas Fuel automobile refilling stations, and the sale of LPG and natural gas household appliances.

For the financial year ended 31 December 2006, the audited consolidated loss from ordinary activities attributable to equity holders of Panva Gas was HK\$256,334,000. As at 31 December 2006, its audited consolidated net assets was HK\$2,039,005,000. During the Year, the Group has not received any dividend from this investment. As at 31 December 2006, market value of this investment represented 6.72% of the Group’s consolidated net asset value.

China Sci-Tech Holdings Limited (“China Sci-Tech”), incorporated in the Cayman Islands, is an investment holding company and principally engaging in investment in financial instruments and property investments.

Management Discussion and Analysis

For the financial year ended 31 March 2006, the audited consolidated profit from ordinary activities attributable to equity holders of China Sci-Tech was HK\$25,499,000 with the basic earnings per share being HK\$1.48 cents. As at 31 March 2006, its audited consolidated net assets was HK\$362,173,000. During the Year, the Group has received interest of HK\$281,534 from this investment. As at 31 December 2006, market value of this investment represented 6.36% of the Group's consolidated net asset value.

Lai Sun Development Company Limited ("Lai Sun"), incorporated in Hong Kong, is well diversified and principally engaging in property development for sale, property investment, investment in and operation of hotels and restaurants and investment holding.

For the financial year ended 31 July 2006, the audited consolidated profit from ordinary activities attributable to equity holders of Lai Sun was HK\$512,922,000 with both the basic earnings per share and diluted earnings per share being HK\$0.04. As at 31 July 2006, its audited consolidated net assets was HK\$4,322,005,000. During the Year, the Group has not received any dividend from this investment. As at 31 December 2006, market value of this investment represented 4.30% of the Group's consolidated net asset value.

The Cross-Harbour (Holdings) Limited ("Cross-Harbour"), incorporated in Hong Kong, is a consolidated enterprise principally engaging in motoring school operations, tunnel operations, electronic toll operation, and treasury.

For the financial year ended 31 December 2006, the audited consolidated profit from ordinary activities attributable to equity holders of Cross-Harbour was HK\$172,796,000 with the basic earnings per share and diluted earnings per share being HK\$0.52 and HK\$0.49 respectively. As at 31 December 2006, its audited consolidated net assets was HK\$2,543,809,000. During the Year, the Group has received aggregate dividend of HK\$290,360 from this investment. As at 31 December 2006, market value of this investment represented 3.25% of the Group's consolidated net asset value.

PROSPECTS

The principal activities of the Company are to invest in both listed and unlisted companies, the Group's current core portfolio comprises of mainly small to medium sized listed companies with good asset backing and/or growth potential. The Board considers that the near market conditions are difficult to predict now due to the underlying uncertain worldwide economic environment, especially in the United States of America ("U.S.A."). The interest rate in U.S.A. may peak out at the current level, which would be good for the investment market, however, the market is still uncertain on the pace of interest rate reductions, if any, in the near future. Apart from this, the correction and the consolidation in the overheated property market in U.S.A. have induced the bad debt problem to crystallise in the secondary mortgage market. This problem is likely to seriously affect the financial health of financial institutions which have engaged in the secondary mortgage market. If the correction and the consolidation in the U.S.A. property market continue, it may dampen the overall consumers' demand and the underlying economic growth whereby the global economy may also, in turn, be seriously affected. The Hong Kong stock market, being closely linked to the international economy, will inevitably be affected by such

Management Discussion and Analysis

global uncertainties. Besides, the stock market in Hong Kong has already accumulated a significant increase in the year of 2006 and there may have accumulated significant pressure for short term correction. The stock market in the year of 2007 is vulnerable to the aforementioned consolidation and correction. Hence, the market will become increasingly uncertain and volatile. However, Hong Kong can still take advantage of a continuous and steady economic growth in PRC that will fundamentally benefit the stock market in Hong Kong and provide attractive and rewarding investment opportunities. The Board believes that the stock market will continue to provide opportunities but will also be volatile and unpredictable. The Board will adjust its investment portfolio continuously and raise fund as and when the opportunity arises. Since the market is uncertain and risky, the Board expects the investment prospects for the year of 2007 may not be as favourable as the year of 2006.

PLEDGE OF ASSETS

As at 31 December 2006, margin facilities from several securities brokers were granted to the Company which were secured by the Company's available-for-sale investments and investments held for trading. As at 31 December 2006, a total amount of HK\$12,202,326 (2005: HK\$17,167,218) has 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\$163,844,749 (2005: HK\$148,208,064).

EMPLOYEES

As at 31 December 2006, the Group had nine employees, including three executive directors, one non-executive director, three independent non-executive directors and two staff. 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\$1,733,973 (2005: HK\$601,816) and there has been no significant change in the Group's remuneration policy. A comprehensive disclosure of directors' emoluments was made pursuant to section 161 of the Hong Kong Companies Ordinance is made in notes 10 to the financial statements.

APPRECIATION

The Board would like to take this opportunity to express our appreciation to the staff and management team of the Group for their contribution during the Year and also to give our sincere gratitude to all our shareholders for their continuous support.

By order of the Board
CHUNG Wilson
Chairman

Hong Kong, 25 April 2007

Biographical Details of Directors

EXECUTIVE DIRECTORS

Mr. CHUNG Wilson (“Mr. CHUNG”), aged 54, obtained a Master Degree in Science and a Master Degree in Business Administration from Cornell Graduate School of Business Administration, the United States of America. He has over 23 years experience in corporate finance and banking. Mr. CHUNG was appointed as an executive director and chairman of the Company on 12 June 2006.

Mr. KITCHELL Osman Bin (“Mr. KITCHELL”), aged 42, a Canadian citizen, had his high-school education in Hong Kong and undergraduate studies in Canada. Mr. KITCHELL had obtained a honorary diploma from Pickering College in Canada. He studied Economics in the University of Toronto, Canada. Mr. KITCHELL is a veteran investor mainly in the Hong Kong equity markets with 11 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 and also appointed as the chief executive officer of the Company on 17 January 2006.

Ms. CHOI Ka Wing (“Ms. CHOI”), aged 24, 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.

NON-EXECUTIVE DIRECTOR

Mr. WONG Man Hon, Frederick (“Mr. WONG”), aged 48, received his education in Hong Kong and has more than 29 years experience in treasury operations and capital markets. He had been a treasurer for an international bank and for a major transportation company prior to becoming the General Manger of an American investment bank in Taiwan and a director of a Taiwan investment fund. Mr. WONG is a managing director of U.B.C. (HK) Commercial Consulting Agency Limited, a private company which is engaged in the businesses of commercial consulting and investments. Mr. WONG was appointed as an executive director of the Company on 24 January 2006 and with effect from 13 June 2006 served the Company as a non-executive director.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHUNG Kong Fei, Stephen (“Mr. CHUNG”), aged 50, 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 People Republic of China (the “PRC”). Mr. CHUNG has extensive experience in investments in the PRC. Mr. CHUNG is currently also an independent non-executive director of Computech Holdings Limited, a publicly listed company on the GEM of The Stock Exchange of Hong Kong Limited. Mr. CHUNG was appointed as an independent non-executive director of the Company on 16 March 2004.

Biographical Details of Directors

Mr. TSANG Wing Ki ("Mr. TSANG"), aged 45, graduated from The Hong Kong Polytechnic University. Mr. TSANG is a fellow member of both the Hong Kong Institute of Certified Public Accountants and the Associated of Chartered Certified Accountants. He has more than 18 years experience in the accounting profession. Mr. TSANG was appointed as an independent non-executive director of the Company on 23 September 2004.

Mr. CHEN Henri Wei Hwa ("Mr. CHEN"), aged 31, obtained a Master of Economics, specializing in information systems, from the Plekhanov Russian Academy of Economics in Moscow and a MBA from the National Chengchi University in Taipei. Mr. CHEN had worked for United World Chinese Commercial Bank and Prudential Bache Financial in Taipei, acquiring expertise in asset management advice for high net worth individuals. Mr. CHEN has proven experience as a corporate strategist and adviser in the information systems industry and the luxury business. He has been a partner of Kappa Ventures since December 2005. Mr. CHEN was appointed as an independent non-executive director of the Company on 28 June 2006.

Report of the Directors

The directors of the Company (the “Directors”) are pleased to present their report and the audited financial statements of the Company and its subsidiaries (hereinafter collectively referred to as the “Group”) for the year ended 31 December 2006 (the “Year”).

PRINCIPAL ACTIVITIES

The principal activities of the Company and the Group are investment holding. During the Year, the Group has been engaged principally in the investments in listed and unlisted companies.

RESULTS AND APPROPRIATIONS

The results of the Group for the Year are set out in the consolidated income statements on page 25.

The Board does not recommend the payment of a final dividend for the year (2005: Nil).

FIVE YEARS FINANCIAL SUMMARY

A summary of the published results, assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements, with any restated or reclassified figure if applicable, is set out on page 65. This summary does not form part of the audited financial statements.

CAPITAL STRUCTURE AND SHARE CAPITAL

Details of the movements during the Year in the share capital of the Company are set out in note 17 to the financial statements.

RESERVES

Movements in the reserves of the Group and the Company during the Year are set out in note 18 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group and the Company are set out in note 11 to the financial statements.

DONATION

During the Year, the Group made charitable donations amounting to HK\$440,000 (2005: HK\$150,000).

Report of the Directors

DIRECTORS

The directors of the Company during the year and up to the date of this annual report were:

Dr. PANG Shuen Wai, Nichols	<i>(resigned as executive director and chairman on 12 June 2006)</i>
Mr. CHUNG Wilson	<i>(appointed as executive director and chairman on 12 June 2006)</i>
Mr. KITCHELL Osman Bin	
Ms. AU Shuk Yee, Sue	<i>(resigned as executive director on 17 January 2006)</i>
Ms. CHOI Ka Wing	<i>(appointed as executive director on 9 October 2006)</i>
Mr. WONG Man Hon, Frederick	<i>(appointed as executive director on 24 January 2006 and re-designated as non-executive director on 13 June 2006)</i>
Mr. LAM Ping Cheung#	<i>(resigned as independent non-executive director on 26 June 2006)</i>
Mr. CHUNG Kong Fei, Stephen#	
Mr. TSANG Wing Ki#	
Mr. CHEN Henri Wei Hwa#	<i>(appointed as independent non-executive director on 28 June 2006)</i>

Independent non-executive directors

In accordance with Article 157 of the Company's Articles of Association, Mr. CHUNG Kong Fei, Stephen and Mr. TSANG Wing Ki will retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election. In accordance with Article 123 of the Company's Articles of Association, Mr. CHUNG Wilson, Ms. CHOI Ka Wing and Mr. CHEN Henri Wei Hwa will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

The Company has received from each of its independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and considers all the independent non-executive Directors to be independent.

EMOLUMENTS OF DIRECTORS AND THE FIVE HIGHEST-PAID EMPLOYEES

Particulars of the emoluments of the Directors and the five highest-paid employees of the Company during the Year are set out in notes 10 to the financial statements.

DIRECTORS' SERVICE CONTRACTS

None of the Directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

Report of the Directors

DIRECTORS' INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS

The investment management agreement (the "Agreement") between the Company and CU Investment Management Limited ("CUIM") was renewed on 15 December 2005, CUIM was entitled to a monthly management fee payable in advance at a flat rate of HK\$50,000 which was expired on 31 December 2006.

Dr. PANG Shuen Wai, Nichols, was a director of CUIM during the Year until 30 June 2006 and resigned as an executive director of the Company on 12 June 2006.

Apart from the above, no other contracts of significance in relation to the Company's business to which the Company or its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2006, the interest and short positions of the directors and chief executive in the share capital, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

(1) Long positions in shares of the Company

Directors	Type of interest	Number of shares held	Percentage of issued share capital of the Company
WONG Man Hon, Frederick	Beneficial owner	87,590,000	7.80%
CHUNG Wilson	Beneficial owner	15,000,000	1.33%
CHOI Ka Wing	Beneficial owner	11,080,000	0.99%

Report of the Directors

(2) Long positions in underlying shares of the Company — share options

Under the share option scheme adopted on 2 May 2003 (the “Share Option Scheme”), the directors of the Company may grant share 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.

No share options were granted under the Share Option Scheme during the Year.

Save as disclosed above, as at 31 December 2006, none of the directors and chief executive and their associates had registered an interest or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Mode Code for Securities Transactions by Directors of Listed Issuers.

ARRANGEMENT TO ACQUIRE SHARE OR DEBENTURES

At no time during the Year was the Company or its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

None of the directors of the Company (including their spouses and children under 18 years of age) had any interests in, or had been granted, or exercised any rights to subscribe for, shares in the Company and its associated corporations within the meaning of the SFO.

Report of the Directors

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2006, the register maintained by the Company pursuant to Section 336 of the SFO recorded interests (as defined in the SFO) in the Company by the following:

Name of substantial shareholders	Type of interest	Number of shares held	Percentage of issued share capital of the Company
Radford Capital Investment Limited (Note 1)	Interest in controlled corporation	103,930,000	9.26%
Heritage International Holdings Limited (Note 2)	Interest in controlled corporation	84,500,000	7.53%

Notes:

- (1) Radford Capital Investment Limited is deemed to be interested in 103,930,000 shares held by Winning Horsee Limited, its direct wholly owned subsidiary, for the purpose of the SFO.
- (2) Heritage International Holdings Limited is deemed to be interested in 84,500,000 shares held by Dollar Group Limited, its indirect wholly owned subsidiary, for the purpose of the SFO.

All the interests stated above represent long position.

Saved as disclosed above, as at 31 December 2006, no person, other than the directors and chief executive of the Company whose interests are set out in the section "Directors' and chief executives' interests and short positions in shares, underlying shares and debentures" above, had notified the Company of an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

RENEWAL OF INVESTMENT MANAGEMENT AGREEMENT

The investment management agreement (the "Agreement") between the Company and CU Investment Management Limited ("CUIM") expired on 31 December 2006. The Company and CUIM renewed the Agreement on 15 December 2006 for another one-year up to 31 December 2007 at a revised investment management fee of HK\$70,000 per month payable in advance.

Report of the Directors

PURCHASE, SALE OR REDEMPTION OF SHARES

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

PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors of the Company, as at the date of this annual report, there is at least of 25 per cent of Company's total issued share capital being held by the public and is in compliance with Rule 8.08 of the Listing Rules.

POST BALANCE SHEET EVENT

On 9 October 2006, the Company proposed reorganised 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 ("Reduced Share") and consolidated every ten issued Reduced Shares of HK\$0.01 each to one consolidated shares of HK\$0.10 each. The resolution for the proposed capital reorganisation was approved by shareholders at the extraordinary general meeting held on 17 November 2006 and was approved by the Grand Court of the Cayman Islands on 9 February 2007. The capital reorganisation became effective after 4:00 p.m. on 13 February 2007 upon filing of court order to the Company Registry in the Cayman Islands.

On 15 February 2007, the Company granted share options to 7 parties, of which including 3 existing executive directors of 1,100,000 shares each, under the share option scheme adopted on 2 May 2003 at an exercise price of HK\$0.53 per share. All grantees opted to vest and, as a result, a total of 7,270,000 shares of HK\$0.10 each were issued and allotted on 2 March 2007.

The Company entered into underwriting agreement and a supplemental agreement with Get Nice Investment Limited on 9 March 2007 and 13 March 2007 respectively in relation to Rights Issue. By an ordinary resolution passed at the extraordinary general meeting held on 19 April 2007, 1,194,991,160 shares ("Rights Shares") pursuant to an offer by way of rights to holders of shares in the Company at HK\$0.10 per Rights Share in the proportion of ten Rights Shares for every one share of the Company held on 19 April 2007 will subsequently be issued.

RETIREMENT SCHEME

The Group provides a defined contribution retirement scheme under the Mandatory Provident Fund Scheme (the "Scheme") in Hong Kong to all staff. Under the Scheme, employer and employees are each required to make contributions to the Scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$20,000 and contributions to the Scheme vested immediately.

Report of the Directors

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has complied with the requirements for director's securities transactions stated in the Model Code for Securities Transactions (the "Model Code") as set out in Appendix 10 of the Listing Rules. All Directors have confirmed that they have complied with the required standards as set out in the Model Code for the Year.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's articles of association although there are no restrictions against such rights under the laws in the Cayman Islands.

AUDIT COMMITTEE

The Company has an audit committee which was established in compliance with Rule 3.21 of the Listing Rules, for the purpose of reviewing and providing supervision over the Group's financial reporting process, internal controls and risk evaluation. The Audit Committee provides an important link between the Board and the Company's auditor in matters coming within the scope of audit. The written terms of reference which describe the authority and duties of the Audit Committee were prepared and adopted with reference to "A Guide for the Formation of An Audit Committee" published by the Hong Kong Institute of Certified Public Accountants.

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, financial report process and internal control matters including a review of the audited financial statements for the year ended 31 December 2006.

The Audit Committee of the Company comprises three independent non-executive directors, namely Messrs. CHUNG Kong Fei, Stephen, TSANG Wing Ki and CHEN Henri Wei Hwa.

AUDITORS

The financial statements for the year ended 31 December 2004 were audited by Messrs. PricewaterhouseCoopers, while the financial statements for the year ended 31 December 2005 and 2006 were audited by Messrs. Moores Rowland Mazars. A resolution for the re-appointment of Messrs. Moores Rowland Mazars as the auditors is to be proposed at the forthcoming annual general meeting.

On behalf of the Board

CHUNG Wislon

Chairman

Hong Kong, 25 April 2007

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Board of Directors (the “Board”) of the Company is dedicated to an ongoing enhancement of effective and efficient corporate governance practice in compliance with the principles set out in the Code on Corporate Governance Practice contained in Appendix 14 (the “Code Provision”) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”).

For the financial year ended 31 December 2006 (the “Year”), the Company, in the opinion of the Board, has applied the principles and complied with the Code Provision to the Listing Rules save as the following deviations in respect of specific term of the appointment of non-executive directors and the availability of independent non-executive directors in the general meeting.

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term and be subject to re-election. 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 pursuant to Article 157 in the Articles of Association amended on 13 September 2005.

Code Provision E.1.2 stipulates that chairman of the audit and remuneration committees or in the absence of the chairman of such committees, another member of the committee or failing this his duly appointed delegate, should be available to answer questions at the general meeting. Neither of the Chairman nor the members of the board committees has attended and been available to answer questions in the annual general meeting and extraordinary general meeting.

The current practices of the corporate governance of the Company will be reviewed and updated in a timely manner in order to comply with the requirements of the Code Provision.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has complied with the requirements for director’s securities transactions stated in the Model Code for Securities Transactions (the “Model Code”) as set out in Appendix 10 of the Listing Rules. All directors of the Company (the “Directors”) have confirmed that they have complied with the required standards as set out in the Model Code for the Year.

Corporate Governance Report

THE BOARD

(1) Role and function of the Board

The Board is collectively responsible for all business and affairs of the Company. All directors of the Board (the "Directors") have grave concern, sufficient time and attention to all the significant issues and affairs of the Company and its subsidiaries (hereinafter collectively referred to as the "Group"). The role of the Board is not only limit to formulate the corporate strategic and set-up the business development plans, but also to monitor and supervise the performance of the management and review the effectiveness of internal control including the scope of financial, operational, compliance and risk management. The day-to-day management, administration and operation of the Group are delegated to the executive board members. Each executive Director has accumulated sufficient and valuable experience to hold his/her position in order to ensure that his/her fiduciary duties can be carried out in an effective and efficient manner. None of the Directors have, in any respect, related to each other in any circumstances.

(2) Chairman and Chief Executive Officer

Pursuant to Code Provision A.2.1 and to improve the transparency and independency of the corporate governance of the Company, the fiduciary duties of the chairman and the chief executive officer of the Company are segregated and not exercised by the same individual. Mr. CHUNG Wilson replaced Dr. PANG Shuen Wai, Nichols appointed as the chairman of the Company (the "Chairman") on 12 June 2006 while Mr. KITCHELL Osman Bin was appointed as the Chief Executive Officer of the Company (the "CEO") since 17 January 2006. The Chairman is responsible for the management of the Board and external corporate communication. The CEO is responsible for the day-to-day operation, monitoring performance of the management and effectiveness of the Company, including but not limited to, the implementation of the overall strategy of the Company.

(3) Board composition

As at the date of this report, the Board comprises three executive directors, namely Mr. CHUNG Wilson (Chairman), Mr. KITCHELL Osman Bin (Chief Executive Officer) and Ms. CHOI Ka Wing; one non-executive director, namely Mr. WONG Man Hon, Frederick; and three independent non-executive directors ("INED"), namely Mr. CHUNG Kong Fei, Stephen, Mr. TSANG Wing Ki and Mr. CHEN Henri Wei Hwa. Mr. TSANG Wing Ki within the INED have appropriate professional qualification of accounting and related financial management expertise.

Corporate Governance Report

The Company has received annual confirmation of independence from the three independent non-executive directors in accordance with Rule 3.13 of the Listing Rules. The Board has assessed their independence and concluded that they are independent under the definition of the Listing Rules.

Details of the backgrounds and qualifications of the Directors are set out in the Biographical Details of the Directors on pages 8 and 9 of this annual report for the Year (the "Annual Report").

(4) Meeting records

The Directors had four full Board meetings for the Year. Statistics of Directors' attendance at the Board meetings are:

Executive Directors Attendance

PANG Shuen Wai, Nichols	1/1	<i>(resigned on 12 June 2006)</i>
AU Shuk Yee, Sue	0/0	<i>(resigned on 17 January 2006)</i>
CHUNG Wilson	3/3	<i>(appointed on 12 June 2006)</i>
KITCHELL Osman Bin	4/4	
CHOI Ka Wing	1/1	<i>(appointed on 9 October 2006)</i>

Non-Executive Director Attendance

WONG Man Hon, Frederick	3/4	<i>(appointed on 24 January 2006 as an executive director and re-designated as a non-executive director on 13 June 2006)</i>
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Independent non-executive Directors Attendance

LAM Ping Cheung	0/1	<i>(resigned on 26 June 2006)</i>
CHUNG Kong Fei, Stephen	2/4	
TSANG Wing Ki	3/4	
CHEN Henri Wei Hwa	2/2	<i>(appointed on 28 June 2006)</i>

To ensure the compliance of the Code Provision, the Board will communicate among themselves on other occasions should a decision on a particular matter from the Board is sought save for the regular Board meetings. In addition, executive Board meetings are convened when necessary to deal with everyday matters that require the Board's prompt decision, and are thus usually only executive directors would be attended.

Corporate Governance Report

REMUNERATION OF DIRECTORS

The remuneration committee of the Company (the “Remuneration Committee”) was established in September 2005 and adopted a term of reference of the Remuneration Committee in compliance with B.1.3 of the Code Provision. As at the date of this report, the Remuneration Committee comprises the chairman of the board, Mr. CHUNG Wilson who is also chairman of the committee, and two independent non-executive directors, Mr. TSANG Wing Ki and Mr. CHEN Henri Wei Hwa.

NOMINATION OF DIRECTORS

Nomination committee has not been set up to deal with the nomination of directors in the Company after having an assessment and a review. The Board, however, will review the profile of each Director and nominated directors (if any) on a regular basis to ensure that the composition of the Company’s Board meets the general requirements under the Listing Rules and other compliance issues and that the Company’s Board is capable to fulfill its obligations in terms of fiduciary duties and can act in the best interest of the Members of the Company.

AUDITORS’ REMUNERATION

The Audit Committee is responsible for considering the appointment of the external auditors and reviewing any non-audit services performed by the external auditors. During the Year, remuneration in respect of audit and non-audit services provided by Messrs. Moores Rowland Mazars, the auditors of the Company, to the Group are HK\$320,000 and HK\$83,000 respectively.

AUDIT COMMITTEE

The Company’s Audit Committee was established in January 2003. The primary duties of the Audit Committee are to communicate with the executive directors of the Company from time to time, including but not limited to, to be in charge of the appointment of external auditors, auditing expenses and any matters regarding the resignation or dismissal of the external auditors; to discuss with the external auditors on the nature and scope of audit prior to commencement of the auditing procedures; to review the accounting principles and practices adopted by the Company; to monitor the effectiveness of its internal control systems; and to approve the interim and annual accounts of the Company.

All members of the Audit Committee are independent non-executive directors. As at 31 December 2006, the Audit Committee comprises three independent non-executive directors, namely Mr. CHUNG Kong Fei, Stephen, Mr. TSANG Wing Ki and Mr. CHEN Henri Wei Hwa.

The Audit Committee makes at least one direct contact with external auditors of the Group each year to understand the procedures and principles for the preparation of the auditors’ report so as to serve as a basis for evaluation.

Corporate Governance Report

The Audit Committee held two meetings for the purpose of reviewing and considering the Company's financial results during the Year. Statistics of attendance of the Audit Committee meetings are as follows:

Committee members attendance

CHUNG Kong Fei, Stephen	1/2
TSANG Wing Ki	2/2
CHEN Henri Wei Hwa	2/2

The Group's unaudited interim results for the six months ended 30 June 2006 and audited final results for the year ended 31 December 2006 were reviewed by the Audit Committee, which opined that the preparations of the two sets of financial statements and the results announcements were in compliance with the applicable accounting standards and practices.

INTERNAL CONTROL REVIEW

During the Year under review, the Board has conducted a review of the effectiveness of internal control system of the Group. A professional firm has engaged to perform certain agree-upon procedures in connection with investment process. A report of findings and recommendations to improve the internal control of the Group has been submitted to the Board.

The Board believed that there were no significant weaknesses. The Board is of the view that the internal control of the Group has been considered sufficient for the time being and is sufficient to safeguard the interests of shareholders and investors.

DIRECTORS' AND AUDITORS RESPONSIBILITIES FOR ACCOUNTS

Responsibilities of the Directors and the Auditors are set out on page 23 of the Annual Report. The Directors acknowledge their responsibilities in relation to the preparation of financial statements for each year to give a true and fair view of the state of financial affairs of the Group and the presentation of interim and final accounts (the "Accounts") and the results announcement to the members of the Company (the "Members"). The Directors aim to present a fair and reasonable assessment of the Company's position and prospects to the Members and to disclose proper and relevant information required under the Listing Rules. Given that the Board is not aware of any material uncertainties relating to the events or conditions that may cause any significant doubt upon the going concern of the Company, the Board therefore continues to adopt going concern approach when preparing the Accounts for the Year.

Corporate Governance Report

COMMUNICATIONS WITH SHAREHOLDERS

The Board aim to ensure that its shareholders are kept well informed of key business imperatives by way of annual general meeting, extraordinary general meeting(s), Company's annual report, announcements and circulars. Individual resolution in response to specific issues (including proposals related to capital reorganisation, placement of shares and rights issue) has been put forward to the Members to consider in the general meetings during the Year. During the Year, the Company had held one annual general meeting and two extraordinary general meetings.

In compliance with the requirements on the poll voting procedures, the Company has informed the Members in respect of the procedures for voting by poll and the rights of the Members in demanding for poll pursuant to Article 100 of the Articles of Association of the Company (the "Articles") in each general meeting. A Resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is duly demanded at any general meeting either by the chairman of the meetings; or any members entitled pursuant to Articles 100 of the Articles; or required under the Listing Rules. In each occasion, the Company counted all proxy votes, and except where polls were required, chairman of each general meeting had expressly indicated to the Members attending the meetings the level of proxies lodged on each resolution, and the balance for and against the resolution, after each of the resolution had been dealt with on a show of hands. Articles Limited, the Company's Hong Kong Branch Registrar, acted as scrutineer in each occasion. In each general meeting held during the Year, the Company had ensured that:

- (i) the procedure for demanding a poll by the Members before putting a resolution to the vote on a show of hands; and
- (ii) the detailed procedures for conducting a poll and then answer any questions from the Members whenever voting by way of a poll is required.

As such, the Company has complied with the requirements in relation to vote by poll.

Independent Auditors' Report

Moores Rowland Mazars

摩斯倫·馬賽會計師事務所

To the members of

Unity Investments Holdings Limited

(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Unity Investments Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages 25 to 59, which comprise the consolidated and Company balance sheets as at 31 December 2006, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

Independent Auditors' Report

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's and the Group's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

OPINION

In our opinion the consolidated financial statements give a true and fair view of the state of the Company's and the Group's affairs as at 31 December 2006 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Moores Rowland Mazars
Chartered Accountants
Certified Public Accountants

Hong Kong, 25 April 2007

Consolidated Income Statement

For the year ended 31 December 2006

	Note	2006 HK\$	2005 HK\$
Turnover	4	295,055,810	162,620,520
Other revenue	4	3,367,507	2,025,440
Cost of sales		(266,232,745)	(175,856,857)
Loan receivable:			
— Present value adjustment		—	(5,770,914)
— Impairment loss		(12,500,000)	(6,729,086)
Unrealised loss on investments held for trading		(21,601,011)	(9,328,737)
Realised gain (loss) on disposal of available-for-sale investments		25,012,199	(607,864)
Impairment loss on available-for-sale investments		—	(3,000,000)
Other operating expenses		(8,840,660)	(4,814,448)
Finance costs		(2,056,841)	(3,051,172)
Profit (loss) before taxation	6	12,204,259	(44,513,118)
Taxation	7	—	—
Profit (loss) for the year		12,204,259	(44,513,118)
Profit (loss) attributable to equity holders	8	12,204,259	(44,513,118)
Earnings (loss) per share — Basic	9	11.8 cents	(Restated) (67.8) cents

Consolidated Balance Sheet

As at 31 December 2006

	Note	2006 HK\$	2005 HK\$
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	11	1,986,770	55,563
Available-for-sale investments	13	36,093,113	43,481,071
Loan receivable	14	—	12,500,000
		38,079,883	56,036,634
Current assets			
Investments held for trading	15	186,108,664	114,155,712
Deposits, prepayments and other receivables		529,529	4,281,835
Bank balances and cash		576,359	61,060
		187,214,552	118,498,607
Current liabilities			
Other payables and accruals		13,033,169	17,748,826
Short-term borrowings, unsecured	16	—	20,378,082
		13,033,169	38,126,908
Net current assets		174,181,383	80,371,699
NET ASSETS		212,261,266	136,408,333
CAPITAL AND RESERVES			
Share capital	17	112,229,116	72,729,116
Reserves	18(a)	100,032,150	63,679,217
		212,261,266	136,408,333

Approved and authorised for issue by the Board of Directors on 25 April 2007.

CHUNG Wilson
Director

KITCHELL Osman Bin
Director

Balance Sheet

As at 31 December 2006

	Note	2006 HK\$	2005 HK\$
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	11	202,089	55,563
Investments in subsidiaries	12	29,796,224	12,500,079
Available-for-sale investments	13	30,881,560	43,481,032
		60,879,873	56,036,674
Current assets			
Investments held for trading	15	163,337,389	114,155,712
Deposits, prepayments and other receivables		529,529	4,281,836
Bank balances and cash		394,529	61,045
		164,261,447	118,498,593
Current liabilities			
Other payables and accruals		13,033,169	17,748,826
Short-term borrowings, unsecured	16	—	20,378,082
		13,033,169	38,126,908
Net current assets		151,228,278	80,371,685
NET ASSETS		212,108,151	136,408,359
CAPITAL AND RESERVES			
Share capital	17	112,229,116	72,729,116
Reserves	18(b)	99,879,035	63,679,243
		212,108,151	136,408,359

Approved and authorised for issue by the Board of Directors on 25 April 2007.

CHUNG Wilson
Director

KITCHELL Osman Bin
Director

Consolidated Cash Flow Statement

For the year ended 31 December 2006

	Note	2006 HK\$	2005 HK\$
OPERATING ACTIVITIES			
Cash used in operations	21	(73,397,018)	(78,974,060)
Interest paid		(2,434,923)	(2,673,090)
Net cash used in operating activities		(75,831,941)	(81,647,150)
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(2,925,703)	(51,780)
Proceeds from disposal of property, plant and equipment		—	8,300
Acquisition of available-for-sale investments		(5,058,299)	(3,000,039)
Proceeds from disposal of available-for-sale investments		38,767,000	6,295,076
Dividends received		3,058,244	1,802,376
Interest received		165,868	223,064
Loan advanced to an investee		—	(25,000,000)
Net cash from (used in) investing activities		34,007,110	(19,723,003)
FINANCING ACTIVITIES			
Proceeds from rights issue		—	52,787,600
Proceeds from placements of shares		64,000,000	5,846,818
Proceeds from shares issued under share option scheme		—	3,990,000
Share issue expenses		(1,659,870)	(2,248,302)
Proceeds from issue of convertible notes		—	20,000,000
New short-term borrowings		60,000,000	81,500,000
Repayment of short-term borrowings		(80,000,000)	(61,500,000)
Net cash from financing activities		42,340,130	100,376,116
Net increase (decrease) in cash and cash equivalents		515,299	(994,037)
Cash and cash equivalents at beginning of year		61,060	1,055,097
Cash and cash equivalents at balance sheet date, represented by bank balances and cash		576,359	61,060

Consolidated Statement of Changes in Equity

For the year ended 31 December 2006

	2006 HK\$	2005 HK\$
Opening balance - Total equity	136,408,333	106,914,474
Placements of shares	64,000,000	5,846,818
Issue of shares under share option scheme	—	3,990,000
Rights issue	—	52,787,600
Conversion of convertible notes to shares	—	20,000,000
Share issue expenses	(1,659,870)	(2,248,302)
Change in fair value of available-for-sale investments	26,320,743	(6,827,288)
Transfer to income statement on disposal of available-for-sale investments	(25,012,199)	458,149
Profit (Loss) for the year	12,204,259	(44,513,118)
Closing balance — Total equity	212,261,266	136,408,333

Notes to the Financial Statements

For the year ended 31 December 2006

1. GENERAL INFORMATION

Unity Investments Holdings Limited (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 the principal place of business of the Company are disclosed in the corporate information of the annual report. The principal activities of the Company and its subsidiaries (collectively referred to as 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 2005 financial statements. The adoption of the new/revised HKFRS that are relevant to the Group and effective from the current year has had no significant effects on the Group’s results and financial position for the current and prior years. A summary of the principal accounting policies adopted by the Company is set out below.

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.

Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December each year.

Subsidiaries are those entities in which the Company, directly or indirectly, has the power to govern the financial and operating policies, so as to obtain benefits from their activities.

Notes to the Financial Statements

For the year ended 31 December 2006

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Consolidation (Continued)

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All inter-company transactions and balances within the Group are eliminated on consolidation.

In the Company's balance sheet, investments in subsidiaries are stated at cost less impairment loss. The carrying amount of the investment is reduced to its recoverable amount on an individual basis. 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. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other 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 33-1/3%.

Impairment loss

At each balance sheet date, the Group and the Company reviews internal and external sources of information to determine whether its property, plant and equipment and investment in subsidiaries 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 and the Company estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. cash-generating unit).

Notes to the Financial Statements

For the year ended 31 December 2006

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Impairment loss (Continued)

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.

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 at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets 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.

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.

Notes to the Financial Statements

For the year ended 31 December 2006

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

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.

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 and unsecured short-term borrowings. 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.

Notes to the Financial Statements

For the year ended 31 December 2006

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Convertible notes

On the issue of convertible notes, the proceeds are split into liability and equity components. The fair value of the liability component is determined using a market rate for an equivalent non-convertible notes; and this amount, net of transaction costs, is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of issue costs. The carrying amount of the conversion option is not remeasured in subsequent years.

Issue costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

Cash equivalents

For the purpose of the 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.

Notes to the Financial Statements

For the year ended 31 December 2006

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

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 within 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, the Group has chosen business segment information as the primary reporting format and geographical segment as the secondary reporting format for the purpose 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.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one year.

Unallocated items mainly comprise financial and corporate assets, interest-bearing loans, borrowings, tax balances, corporate and financing expenses.

Employee benefits

Defined contribution plans

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees. Contributions are made based on a percentage of the employee's basic salaries. The obligations for contributions to defined contribution retirement scheme are recognised as an expense in the income statement as incurred. The assets of the scheme are held separately from those of the Group in an independent administered fund.

Notes to the Financial Statements

For the year ended 31 December 2006

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

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.

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.

Notes to the Financial Statements

For the year ended 31 December 2006

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

Translation differences on non-monetary items, such as equity investments held that are classified as available for sale investments and investments held for trading, are reported as part of the fair value gain or loss.

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.

Notes to the Financial Statements

For the year ended 31 December 2006

3. FUTURE CHANGES IN HKFRS

At the date of authorisation of these financial statements, the Company has not early adopted the new/ revised standards and interpretations issued by the HKICPA that are not yet effective for the current year. The Group has already commenced an assessment of impact of these new/ revised standards and interpretations but is not yet in a position to state whether they would significantly impact on its results of operations and financial position.

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:

	2006 HK\$	2005 HK\$
Turnover		
Proceeds from sale of investments held for trading	295,055,810	162,620,520
Other revenue		
Other income	3,000	—
Interest income	306,263	223,064
Dividend income — listed investments	3,058,244	1,802,376
	3,367,507	2,025,440
Total revenue	298,423,317	164,645,960

Notes to the Financial Statements

For the year ended 31 December 2006

5. SEGMENT INFORMATION

The Group has determined not to present further business segment information as the Group's turnover, contribution to operating profit (2005: loss), 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.

	Hong Kong	2006		Total
	HK\$	Taiwan	United Kingdom	HK\$
		HK\$	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	2,925,703	—	—	2,925,703

No geographical analysis was presented for the year ended 31 December 2005 as the Group's assets were all located in Hong Kong.

Notes to the Financial Statements

For the year ended 31 December 2006

6. PROFIT (LOSS) BEFORE TAXATION

	2006 HK\$	2005 HK\$
This is stated after charging (crediting):		
Staff costs		
Employee benefits expense, excluding directors' remuneration	620,632	26,501
Contributions to defined contribution plans	24,935	16,370
	645,567	42,871
Other items		
Auditors' remuneration		
— understatement in last year	8,000	—
— current year	320,000	240,000
Depreciation	568,240	135,661
Exchange loss	316,520	—
Impairment loss on deposit paid for the acquisition of equity interest in an investee company	1,500,000	—
Loss (Gain) on disposal of property, plant and equipment	426,256	(5,790)
Operating leases in respect of:		
— land and buildings	171,995	374,000
— hire of machinery	48,569	20,796

Notes to the Financial Statements

For the year ended 31 December 2006

7. TAXATION

Hong Kong profits tax has not been provided in the financial statements as companies within the Group either incurred a loss or their estimated assessable profits for the year are wholly absorbed by unrelieved tax losses brought forward from previous years (2005: Nil).

Reconciliation of tax expense

	2006 HK\$	2005 HK\$
Profit (Loss) before taxation	12,204,259	(44,513,118)
Income tax at applicable tax rate of 17.5% (2005: 17.5%)	2,135,746	(7,789,796)
Tax exempt revenue	(535,243)	(316,433)
Non-deductible expenses	4,146,633	3,024,439
Utilisation of previously unrecognised tax losses	(5,734,394)	—
Unrecognised tax losses	—	5,065,845
Unrecognised temporary difference	(12,742)	15,945
	—	—

8. PROFIT (LOSS) ATTRIBUTABLE TO EQUITY HOLDERS

The profit attributable to equity holders dealt with in the financial statements of the Company is HK\$12,204,332 (2005: loss of HK\$65,087,550).

9. EARNINGS (LOSS) PER SHARE

The calculation of basic earnings (2005: loss) per share is based on the Group's profit (2005: loss) attributable to the equity holders of HK\$12,204,259 (2005: loss of HK\$44,513,118) and the weighted average number of 103,001,719 (2005 as restated: 65,678,840) ordinary shares in issue during the year. The weighted average number of shares used in the basic earnings (2005: loss) per share calculation for the years of 2006 and 2005 is adjusted to reflect the effect of the share consolidation effective subsequent to the balance sheet date.

Diluted earnings (loss) per share is not presented for the years of 2006 and 2005 as there was no dilutive effect.

Notes to the Financial Statements

For the year ended 31 December 2006

10. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

Directors' emoluments of the Group are as follows:

	2006			Total HK\$
	Directors' fees HK\$	Salaries, allowances and benefits in kind HK\$	Retirement scheme contributions 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	—	—	—	—
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
	181,000	882,841	24,565	1,088,406

Notes to the Financial Statements

For the year ended 31 December 2006

10. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (Continued)

(a) Directors' emoluments (Continued)

	Directors' fees HK\$	2005		Total HK\$
		Salaries, allowances and benefits in kind HK\$	Retirement scheme contributions HK\$	
Executive directors				
Pang Shuen Wai, Nichols	—	—	—	—
Au Shuk Yee, Sue	—	276,000	12,000	288,000
Kitchell Osman Bin	—	87,900	3,045	90,945
Independent non-executive directors				
Lam Ping Cheung	120,000	—	—	120,000
Wong Ying Seung, Asiong	—	—	—	—
Chung Kong Fei, Stephen	—	—	—	—
Tsang Wing Ki	60,000	—	—	60,000
	180,000	363,900	15,045	558,945

(b) Individuals with highest emoluments

Of the five individuals with highest emoluments of the Group, two (2005: four) are directors whose emoluments are disclosed in note 10(a). The aggregate of the emoluments in respect of the other three (2005: one) individuals are as follows:

	2006 HK\$	2005 HK\$
Salaries and other emoluments	512,951	26,501
Retirement scheme contributions	19,470	1,370
	532,421	27,871

Their emoluments were within the following band:

	Number of employee	
	2006	2005
HK\$Nil to HK\$1,000,000	3	1

Notes to the Financial Statements

For the year ended 31 December 2006

10. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (Continued)

(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. No share options were issued to the directors under the Scheme during the year and in last year.

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 2005					
At beginning of year	42,259	72,279	27,416	—	141,954
Additions	48,500	3,280	—	—	51,780
Disposals	—	—	(2,510)	—	(2,510)
Depreciation	(58,427)	(52,328)	(24,906)	—	(135,661)
At balance sheet date	32,332	23,231	—	—	55,563
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	—	73,350	128,739	1,784,681	1,986,770
At 1 January 2006					
Cost	215,670	179,725	119,236	—	514,631
Accumulated depreciation	(183,338)	(156,494)	(119,236)	—	(459,068)
	32,332	23,231	—	—	55,563
At 31 December 2006					
Cost	—	267,149	282,698	2,141,617	2,691,464
Accumulated depreciation	—	(193,799)	(153,959)	(356,936)	(704,694)
	—	73,350	128,739	1,784,681	1,986,770

Notes to the Financial Statements

For the year ended 31 December 2006

11. PROPERTY, PLANT AND EQUIPMENT (Continued)

Company	Leasehold improvements	Office equipment	Furniture and fixtures	Total
	HK\$	HK\$	HK\$	HK\$
Reconciliation of carrying amount				
— year ended 31 December 2005				
At beginning of year	42,259	72,279	27,416	141,954
Additions	48,500	3,280	—	51,780
Disposals	—	—	(2,510)	(2,510)
Depreciation	(58,427)	(52,328)	(24,906)	(135,661)
At balance sheet date	32,332	23,231	—	55,563
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	—	73,350	128,739	202,089
At 1 January 2006				
Cost	215,670	179,725	119,236	514,631
Accumulated depreciation	(183,338)	(156,494)	(119,236)	(459,068)
	32,332	23,231	—	55,563
At 31 December 2006				
Cost	—	267,149	282,698	549,847
Accumulated depreciation	—	(193,799)	(153,959)	(347,758)
	—	73,350	128,739	202,089

Notes to the Financial Statements

For the year ended 31 December 2006

12. INVESTMENTS IN SUBSIDIARIES

	Company	
	2006 HK\$	2005 HK\$
Unlisted shares, at cost		
At 1 January	79	79
Addition	24	—
Write-off	(78)	—
At 31 December	25	79
Due from subsidiaries	85,685,464	49,018,787
Provision for doubtful debts	(55,889,265)	(36,518,787)
	29,796,199	12,500,000
Total	29,796,224	12,500,079

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

The following is a list of the details of the subsidiaries held by the Company at 31 December 2006:

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	
				Directly	Indirectly
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%
Pacific Kingdom International Limited	The British Virgin Islands, limited liability company	Investment holding	1 ordinary share of US\$1 each	100%	—

Notes to the Financial Statements

For the year ended 31 December 2006

12. INVESTMENTS IN SUBSIDIARIES (Continued)

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	
				Directly	Indirectly
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%
Vision Gate Enterprises Limited	The British Virgin Islands, limited liability company	Investment holding	1 ordinary share of US\$1 each	100%	—

All of the above subsidiaries were operated in Hong Kong.

13. AVAILABLE-FOR-SALE INVESTMENTS

	Group		Company	
	2006 HK\$	2005 HK\$	2006 HK\$	2005 HK\$
Equity investment				
Listed in Hong Kong	30,881,560	43,481,032	30,881,560	43,481,032
Listed overseas	5,211,514	—	—	—
	36,093,074	43,481,032	30,881,560	43,481,032
Unlisted in Hong Kong	23,000,039	23,000,039	—	—
Impairment loss	(23,000,000)	(23,000,000)	—	—
	39	39	—	—
Total	36,093,113	43,481,071	30,881,560	43,481,032

Notes to the Financial Statements

For the year ended 31 December 2006

13. AVAILABLE-FOR-SALE INVESTMENTS (Continued)

As at 31 December 2006, the carrying amount of the Company's shareholding in the following Hong Kong listed company exceeded 10% of the total assets of the Group and the Company.

Name	Place of incorporation	Principal activities	Particulars of issued share capital	Interest held
Qualipak International Holdings Limited	Bermuda	Sales of packaging products and travel bags, property development, property investment and securities trading and investment	Ordinary shares of HK\$0.01 each	0.42%

With effective from 10 January 2007, Qualipak International Holdings Limited was renamed to "C C Land Holdings Limited" and with effective from 11 January 2007, every 10 existing shares of HK\$0.01 each was consolidated into 1 new ordinary share of HK\$0.1 each.

14. LOAN RECEIVABLE

	Group	
	2006 HK\$	2005 HK\$
At carrying amount	—	12,500,000

In last year, the Company, through its wholly-owned subsidiary, (i) acquired approximate 5% equity interest in Found Macau Investments International Limited ("Found Macau") at the consideration of US\$5 (included in available-for-sale investments); (ii) became a party to a shareholders agreement relating to Found Macau; and (iii) made a shareholder loan of HK\$25 million to Found Macau (the "Found Macau Loan"). Found Macau is incorporated in BVI and its subsidiaries are principally engaged in investment holding and trading of prestige Hi-Fi equipment in Macau.

The Found Macau Loan is interest-free, unsecured and is repayable on demand after 8 years from 28 February 2005.

The amount was measured at amortised cost less accumulated impairment losses. As a result of impairment review conducted by the board of directors, an impairment loss of HK\$12,500,000 (2005: HK\$6,729,086) has been recognised in the income statement.

Notes to the Financial Statements

For the year ended 31 December 2006

15. INVESTMENTS HELD FOR TRADING

	Group		Company	
	2006 HK\$	2005 HK\$	2006 HK\$	2005 HK\$
Equity investment				
— listed in Hong Kong	133,362,389	106,055,712	133,362,389	106,055,712
— listed overseas	41,746,275	—	18,975,000	—
	175,108,664	106,055,712	152,337,389	106,055,712
Debt investment, unlisted	11,000,000	8,100,000	11,000,000	8,100,000
	186,108,664	114,155,712	163,337,389	114,155,712

As at 31 December 2006, the carrying amount of the Company's shareholding in the following company exceeded 10% of the total assets of the Group and the Company:

Name	Place of incorporation	Principal activities	Particulars of issued share capital	Interest held
Y.T. Realty Group Limited	Bermuda	Property investment, property trading and providing property management services	Ordinary shares of HK\$0.1 each	2.65%

Notes to the Financial Statements

For the year ended 31 December 2006

15. INVESTMENTS HELD FOR TRADING (Continued)

As at 31 December 2006, 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 TWD10 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 the investee company has an option to purchase certain of these investments at a later date subject to conditions. In the opinion of the directors, it is pre-mature to determine whether the conditions will be satisfied and therefore, all of these investments are classified as held for trading.

16. SHORT-TERM BORROWINGS

The amounts represented the loans from third parties and were unsecured, interest bearing ranging from prime rate plus 1% or 2% per annum and repayable within one year. All the amounts due were fully repaid during the year.

17. SHARE CAPITAL

Note	Number of ordinary shares of HK\$0.1 each	Number of ordinary shares of HK\$0.01 each	Nominal value HK\$
Authorised:			
At 1 January 2005	400,000,000	—	40,000,000
Subdivision of shares	(400,000,000)	4,000,000,000	—
	—	4,000,000,000	40,000,000
Increase by the creation of additional 46,000,000,000 shares of HK\$0.01 each	—	46,000,000,000	460,000,000
Share consolidation	5,000,000,000	(50,000,000,000)	—
At 31 December 2005, 1 January 2006 and 31 December 2006	5,000,000,000	—	500,000,000

Notes to the Financial Statements

For the year ended 31 December 2006

17. SHARE CAPITAL (Continued)

	Note	Number of ordinary shares of HK\$0.1 each	Number of ordinary shares of HK\$0.01 each	Nominal value HK\$
Issued and fully paid:				
At 1 January 2005		384,000,005	—	38,400,000
Issuance of shares		15,998,000	—	1,599,800
Issuance of shares under share option scheme		39,900,000	—	3,990,000
Capital reduction		(439,898,005)	439,898,005	(39,590,820)
		—	439,898,005	4,398,980
Issuance of shares		—	87,978,000	879,780
Share consolidation		52,787,600	(527,876,005)	—
Rights issue		527,876,000	—	52,787,600
Conversion of convertible notes		146,627,563	—	14,662,756
At 31 December 2005 and 1 January 2006		727,291,163	—	72,729,116
Issuance of shares	(i) & (ii)	395,000,000	—	39,500,000
At balance sheet date		1,122,291,163	—	112,229,116

Notes:

- (i) On 27 February 2006, the Company allotted and issued 250,000,000 ordinary shares of HK\$0.1 each of the Company to independent investors at the placing price of HK\$0.14 per share. As a result of such issue, the issued and fully paid share capital and the share premium net of share issuing cost have been increased by HK\$25,000,000 and HK\$9,118,444 respectively.
- (ii) On 15 May 2006, the Company allotted and issued 145,000,000 ordinary shares of HK\$0.1 each of the Company to independent investors at the placing price of HK\$0.2 per share. As a result of such issue, the issued and fully paid share capital and the share premium net of share issuing cost have been increased by HK\$14,500,000 and HK\$13,721,686 respectively.

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

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For the year ended 31 December 2006

18. RESERVES

(a) Group

	2005				Total HK\$
	Share premium HK\$	Investment revaluation reserve HK\$	Contributed surplus HK\$	Accumulated losses HK\$	
At beginning of year	83,335,443	20,002,327	—	(34,823,296)	68,514,474
Issues of shares	8,704,482	—	—	—	8,704,482
Share issue expenses	(2,248,302)	—	—	—	(2,248,302)
Change in fair value of available-for-sale investments	—	(6,827,288)	—	—	(6,827,288)
Transfer to profit or loss upon disposal of available-for-sale investments	—	458,149	—	—	458,149
Creation of contributed surplus pursuant to the Capital Reorganisation	—	—	39,590,820	—	39,590,820
Contributed surplus set off against accumulated losses pursuant to the Capital Reorganisation	—	—	(39,590,820)	39,590,820	—
Loss for the year	—	—	—	(44,513,118)	(44,513,118)
At balance sheet date	89,791,623	13,633,188	—	(39,745,594)	63,679,217

Notes to the Financial Statements

For the year ended 31 December 2006

18. RESERVES (Continued)

(a) Group (Continued)

	2006				Total HK\$
	Share premium HK\$	Investment revaluation reserve HK\$	Contributed surplus HK\$	Accumulated losses 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

(b) Company

	2005				Total HK\$
	Share premium HK\$	Investment revaluation reserve HK\$	Contributed surplus HK\$	Accumulated losses HK\$	
At beginning of year	83,335,443	20,002,327	—	(14,248,838)	89,088,932
Issues of shares	8,704,482	—	—	—	8,704,482
Share issue expenses	(2,248,302)	—	—	—	(2,248,302)
Change in fair value of available-for-sale investments	—	(6,827,288)	—	—	(6,827,288)
Transfer to profit or loss on disposal of available-for-sale investments	—	458,149	—	—	458,149
Creation of contributed surplus pursuant to the Capital Reorganisation	—	—	39,590,820	—	39,590,820
Contributed surplus set off against accumulated losses pursuant to the Capital Reorganisation	—	—	(39,590,820)	39,590,820	—
Loss for the year	—	—	—	(65,087,550)	(65,087,550)
At balance sheet date	89,791,623	13,633,188	—	(39,745,568)	63,679,243

Notes to the Financial Statements

For the year ended 31 December 2006

18. RESERVES (Continued)

(b) Company (Continued)

	2006				Total HK\$
	Share premium HK\$	Investment revaluation reserve HK\$	Contributed surplus HK\$	Accumulated losses HK\$	
At beginning of year	89,791,623	13,633,188	—	(39,745,568)	63,679,243
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	—	26,167,529	—	—	26,167,529
Transfer to profit or loss on disposal of available-for-sale investments	—	(25,012,199)	—	—	(25,012,199)
Profit for the year	—	—	—	12,204,332	12,204,332
At balance sheet date	112,631,753	14,788,518	—	(27,541,236)	99,879,035

The Company had a distributable reserve of HK\$85,090,517 as at 31 December 2006 (2005: HK\$50,046,055), represented by the sum of share premium and accumulated losses of the Company. Under the Companies Law of the Cayman Islands, share premium of the Company is distributable to the shareholders, which is subject to a solvency test.

19. PLEDGE OF ASSETS

As at 31 December 2006, margin facilities from several securities brokers were granted to the Company which were secured by the Company's available-for-sale investments and investments held for trading. As at 31 December 2006, a total amount of HK\$12,202,326 (2005: HK\$17,167,218) 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\$163,844,749 (2005: HK\$148,208,064).

Notes to the Financial Statements

For the year ended 31 December 2006

20. DEFERRED TAXATION

Deferred taxation is calculated in full on temporary differences under the liability method using a principal taxation rate of 17.5% (2005: 17.5%).

Unrecognised deferred tax assets arising from

	2006 HK\$	2005 HK\$
Deductible temporary difference	88,907	169,478
Tax losses	22,622,037	54,619,245
At the balance sheet date	22,710,944	54,788,723

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.

21. CASH USED IN OPERATIONS

	2006 HK\$	2005 HK\$
Profit (Loss) before taxation	12,204,259	(44,513,118)
Depreciation	568,240	135,661
Loss (Gain) on disposals of property, plant and equipment	426,256	(5,790)
Unrealised loss on investments held for trading	21,601,011	9,328,737
Impairment loss on available-for-sale investments	—	3,000,000
(Gain) Loss on disposal of available-for-sale investments	(25,012,199)	607,864
Impairment loss on deposit paid for acquisition of an investee company	1,500,000	—
Interest income	(306,263)	(223,064)
Interest expenses	2,056,841	3,051,172
Dividend income	(3,058,244)	(1,802,376)
Change in fair value of loan receivable	12,500,000	12,500,000
Change in working capital		
Investments held for trading	(93,553,963)	(69,884,179)
Deposits, prepayments and other receivables	2,392,701	(4,172,910)
Other payables and accruals	(4,715,657)	13,003,943
Cash used in operations	(73,397,018)	(78,974,060)

Notes to the Financial Statements

For the year ended 31 December 2006

22. 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:

	2006 HK\$	2005 HK\$
Within one year	351,756	20,796
In the second to fifth years inclusive	396,966	58,922
	748,722	79,718

23. CONNECTED AND RELATED PARTY TRANSACTIONS

Other than disclosed elsewhere in the financial statements, the following connected and related party transaction was transacted by the Group during the year, details of which are set out below:

Relationship with the Company	Nature of transaction	2006 HK\$	2005 HK\$
A company under common directorship (Note i) and being the Company's investment manger	Investment management fee paid (Note ii)	600,000	600,000

Note:

- (i) Dr. Pang Shuen Wai, Nichols, was a director of CU Investment Management Limited ("CUIM") during the year until 30 June 2006 and he 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 dated 25 October 2004, which was renewed on 15 December 2005 under the same terms to cover the period up to 31 December 2006, CUIM was entitled to receive a monthly management fee payable in advance at a flat rate of HK\$50,000.

Notes to the Financial Statements

For the year ended 31 December 2006

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include debt and equity investments, other receivables and other payables and 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

One of the financing strategies adopted by the Group was obtaining short-term borrowings. The Group's interest rates on its short-term borrowings are mainly the bank's prime rate plus or minus certain percentage.

Liquidity risk

The Group's liquidity risk is minimal and is managed by matching the settlement of trading in securities.

Price risk

The Group's available-for-sale investments and investments held for trading are measured at fair value at each balance sheet date. Therefore, the Group is exposed to equity and debt security price risk. The management manages this exposure by maintaining a portfolio of investments with different risk profiles.

Fair value estimation

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

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

The fair value of unlisted debt securities included in investments held for trading, determined based on the present value of the estimated future cash flows discounted using the prevailing market rate, approximate their corresponding carrying amounts.

Notes to the Financial Statements

For the year ended 31 December 2006

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Impairment of investments

The Company assesses annually if investment in subsidiaries has suffered any impairment in accordance with HKAS 36 and follows the guidance of HKAS 39 in determining whether amounts due from those entities are impaired. Details of the approach are stated in the respective accounting policies. The assessment requires an estimation of future cash flows, including expected dividends, from the assets and the selection of appropriate discount rates. Future changes in financial performance and position of these entities would affect the estimation of impairment loss and cause the adjustments of their carrying amounts.

25. POST BALANCE SHEET EVENTS

(i) Capital reorganisation

At the extraordinary general meeting of the Company held on 17 November 2006, the resolutions in respect of the Capital Reorganisation including reduction of capital, adjustment of nominal value of the issued shares of the Company were approved by the shareholders. The Capital Reduction 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"), details of which are 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 such share will be 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 Share");
- (b) Every 10 issued Reduced Shares of HK\$0.01 each be consolidated into one Consolidated Share of HK\$0.1 (the "Adjusted Share"), thus the adjusted share capital of will become 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 reduction referred to in (a) above 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 fully utilised to eliminate the accumulated losses of the Company.

Notes to the Financial Statements

For the year ended 31 December 2006

25. POST BALANCE SHEET EVENTS (Continued)

(ii) Share option granted and exercised

On 15 February 2007, share options totally 7,270,000 had been granted to the directors and independent investors of the Company under the Share Option Scheme at an exercise price of HK\$0.53 per share. These options had been fully exercised on 2 March 2007.

	Number of options
Directors	3,300,000
Independent investors	3,970,000
	<hr/> 7,270,000

(iii) Rights issue

On 12 March 2007, the Company proposed a rights issue of 1,194,991,160 Rights Shares on the basis of ten Rights Share for every existing share held by qualifying shareholders, which proposal has been approved by its shareholders at an extraordinary general meeting on 19 April 2007.

26. COMPARATIVE FIGURES

Realised loss on disposal of available-for-sale investments of HK\$607,864, which was included in other operating expenses for the year 2005, has been separately presented on the consolidated income statement to conform with the current year's presentation.

Loss per share for the year of 2005 has been restated because of an arithmetic error in the calculation of the weighted average number of shares for the year ended 31 December 2005.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Unity Investments Holdings Limited 合一投資控股有限公司 (the “**Company**”) will be held at 30th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong on Monday, 28 May 2007 at 9:00 a.m. for the following purposes:

1. To receive and adopt the audited financial statements and the reports of the directors and auditors for the year ended 31 December 2006.
2. To re-elect retiring directors and to authorise the directors to fix the remuneration of the directors.
3. To re-appoint auditors and to authorise the directors to fix their remuneration.

To consider as special business and, if thought fit, pass with or without amendments; the following resolutions as ordinary resolutions:

ORDINARY RESOLUTIONS

4. (A) **“THAT:**
 - (a) subject to paragraph (c) of this Resolution, the exercise by the directors of the Company (“**Directors**”) during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue or otherwise deal with additional shares of the Company (“**Shares**”) or securities convertible into Shares, options, warrants or similar rights to subscribe for any Shares, and to make or grant offers, agreements and options which might require the exercise of such powers, be and is hereby generally and unconditionally approved;
 - (b) the approval given in paragraph (a) of this Resolution shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into shares of the Company) which might require the exercise of such powers after the end of the Relevant Period;
 - (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval given in paragraph (a) and (b) of this Resolution, otherwise than pursuant to:
 - i. a Rights Issue (as hereinafter defined); or
 - ii. the exercise of the rights of subscription or conversion attaching to any warrants issued by the Company or any securities which are convertible into Shares; or

Notice of Annual General Meeting

- iii. the exercise of any option scheme or similar arrangement for the time being adopted for the grant or issue to eligible persons of Shares or rights to acquire Shares; or
- iv. any scrip dividend or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares pursuant to the articles of association of the Company from time to time,

shall not in total exceed 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of the passing of this Resolution and the said approval shall be limited accordingly; and

- (d) for the purpose of this Resolution, "Relevant Period" means the period from the passing of this Resolution until whichever is the earlier of:
 - i. the conclusion of the next annual general meeting of the Company;
 - ii. the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws of the Cayman Islands to be held; or
 - iii. the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company (the "**Shareholders**") in general meeting;

"Rights Issue" means the allotment, issue or grant of Shares pursuant to an offer of Shares open for a period fixed by the Directors to holders of Shares whose names stand on the register of members of the Company on a fixed record date in proportion to their then holdings of such Shares at that date (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory applicable to the Company)."

Notice of Annual General Meeting

(B) **“THAT:**

- (a) subject to paragraph (c) of this Resolution, the exercise by the directors of the Company (**“Directors”**) during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares of the Company (the **“Shares”**) on The Stock Exchange of Hong Kong Limited (the **“Stock Exchange”**) or on any other stock exchange on which the Shares may be listed and recognised for this purpose by the Securities and Futures Commission of Hong Kong and the Stock Exchange under the Hong Kong Code on Share Repurchases, subject to and in accordance all applicable laws and regulations and the articles of association of the Company, be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this resolution shall be in addition to any other authorisation given to the Directors and shall authorise the Directors on behalf of the Company during the Relevant Period to procure the Company to repurchase its shares at a price determined by the Directors;
- (c) the aggregate nominal amount of the Shares repurchased or agreed conditionally or unconditionally to be repurchased by the Company pursuant to paragraph (a) of this Resolution during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of the passing of this Resolution, and the approval granted under paragraph (a) of this Resolution shall be limited accordingly;
- (d) for the purpose of this Resolution:

“Relevant Period” means the period from the time of the passing of this resolution until whichever is the earlier of:

 - i. the conclusion of the next annual general meeting of the Company;
 - ii. the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; or
 - iii. the revocation or variation of the authority given under this resolution by an ordinary resolution of the Shareholders in general meeting.”

Notice of Annual General Meeting

- (C) **“THAT** conditional upon the passing of Resolutions 4(A) and 4(B), the General Mandate granted to the Directors to exercise the powers of the Company to allot, issue or otherwise deal with additional securities of the Company pursuant to Resolution 4(A) as set out in the notice convening the Meeting of which this resolution forms part be and is hereby extended by the addition thereto an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to Resolution 4(B) as set out in the notice convening the Meeting of which this Resolution forms part, provided that such amount shall not exceed 10% of the aggregate nominal amount of such securities of the Company in issue at the date of the passing of this Resolution.”
5. **“THAT** subject to and conditional upon The Stock Exchange of Hong Kong Limited granting approval of the listing of, and permission to deal in, the shares in the share capital of the Company to be issued pursuant to the exercise of options which may be granted under the Refreshed Scheme Mandate Limit (as defined below), the refreshment of the limit in respect of the granting of share options under the existing share option scheme of the Company adopted on 2 May 2003 up to a new 10% limit (the **“Refreshed Scheme Mandate Limit”**) be approved provided that:
- (a) the total number of Shares which may be issued upon exercise of options to be granted under such scheme after the date of the passing of this resolution, together with all options to be granted under any other share option scheme(s) of the Company on or after the date of passing this Resolution, must not exceed 10% of the number of Shares in issue as at the date of passing this Resolution; and
 - (b) options granted prior to the date of passing this Resolution under the such scheme or any other share option scheme(s) of the Company (including without limitation those outstanding, cancelled, lapsed or exercised in accordance with such scheme or such other scheme(s) of the Company) shall not be counted for the purpose of calculating the Refreshed Scheme Mandate Limit and any Director be and is hereby authorised to do such act and execute such document to effect the Refreshed Scheme Mandate Limit.”

By order of the Board
CHUNG Wilson
Chairman and Executive Director

Hong Kong, 30 April 2007

Notice of Annual General Meeting

Notes:

- (1) Any member of the Company entitled to attend and vote at the Annual General Meeting shall be entitled to appoint another person as his/her proxy to attend and vote instead of him/her and so appointed shall have the same right as the member to speak at the meeting. A member who is the holder of two or more shares of the Company may appoint one or more proxies to attend and vote instead of him/her. A proxy need not be a member of the Company.
- (2) The form of proxy must be signed by you or your attorney duly authorised in writing or, in the case of a corporation, must be under its seal or the hand of an officer, attorney or other person duly authorised.
- (3) The form of proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof must be lodged at the Company's branch share registrar in Hong Kong, Tengis Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjourned meeting (as the case may be) and in default the proxy shall not be treated as valid. Completion and return of the form of proxy shall not preclude members from attending and voting in person at the Annual General Meeting or at any adjourned meeting (as the case may be) should they so wish.
- (4) Where there are joint registered holders of any share, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such share as if he/she was solely entitled thereto; but if more than one of such joint holders be present at the meeting personally or by proxy, the vote of that one of the said persons so present whose name stands first on the register of members in respect of such share shall be accepted to exclusion of the votes of the other joint holders.

Financial Summary

	2006 HK\$	2005 HK\$	2004 HK\$	2003 HK\$	2002 HK\$
Results					
Turnover	295,055,810	162,620,520	125,003,049	15,525,940	38,667,190
Profit (loss) for the year	12,204,259	(44,513,118)	(16,810,024)	(25,433,132)	520,547
Taxation	—	—	—	—	—
Profit (loss) attributable to equity holders	12,204,259	(44,513,118)	(16,810,024)	(25,433,132)	520,547
Assets and liabilities					
Total assets	225,294,435	174,535,241	111,659,357	112,930,251	137,105,247
Total liabilities	(13,033,169)	(38,126,908)	(4,744,883)	(15,152,654)	(12,562,943)
Shareholders' funds	212,261,266	136,408,333	106,914,474	97,777,597	124,542,304

Corporate Information

DIRECTORS

Executive Directors

CHUNG Wilson (*Chairman*)
KITCHELL Osman Bin (*Chief Executive Officer*)
CHOI Ka Wing

Non-executive Director

WONG Man Hon, Frederick

Independent Non-executive Directors

CHUNG Kong Fei, Stephen
TSANG Wing Ki
CHEN Henri Wei Hwa

COMPANY SECRETARY

LIU Tsui Fong

QUALIFIED ACCOUNTANT

LIU Tsui Fong

PRINCIPAL BANK

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

CUSTODIAN

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

AUDITOR

Moore Rowland Mazars
Chartered Accountants
Certified Public Accountants
34th Floor, The Lee Gardens
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28 Queen's Road East
Wanchai
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INVESTMENT MANAGER

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