



# Unity Investments Holdings Limited

## 合一投資控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 913)

### ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2006

#### RESULTS

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.

#### CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2006

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

# CONSOLIDATED BALANCE SHEET

As at 31 December 2006

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

Notes:

## 1. GENERAL INFORMATION

The Company is a public company incorporated in the Cayman Islands with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited. The principal activities of the Group are described in note 3.

## 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.

At the date of authorisation of these financial statements, the Group 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.

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.

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

#### 4. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

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.

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

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

#### 5. PROFIT (LOSS) BEFORE TAXATION

	<b>2006</b>	<b>2005</b>
	<i>HK\$</i>	<i>HK\$</i>
This is stated after charging (crediting):		
<b>Staff costs</b>		
Employee benefits expense, excluding directors' remuneration	<b>620,632</b>	26,501
Contributions to defined contribution plans	<u>24,935</u>	<u>16,370</u>
	<b>645,567</b>	<b>42,871</b>
<b>Other items</b>		
Auditors' remuneration		
— understatement in last year	<b>8,000</b>	—
— current year	<b>320,000</b>	240,000
Depreciation	<b>568,240</b>	135,661
Exchange loss	<b>316,520</b>	—
Impairment loss on deposit paid for the acquisition of equity interest in an investee company	<b>1,500,000</b>	—
Loss (Gain) on disposal of property, plant and equipment	<b>426,256</b>	(5,790)
Operating leases in respect of:		
— land and buildings	<b>171,955</b>	374,000
— hire of machinery	<u>48,569</u>	<u>20,796</u>

## **6. TAXATION**

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

## **7. 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).

## **8. 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.

## **9. 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 of 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 of shares for the year ended 31 December 2005.

## **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 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).

## **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 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.

## **DIVIDEND**

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

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

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

## **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.

## **AUDIT COMMITTEE**

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.

## **CORPORATE GOVERNANCE PRACTICES**

For the financial year ended 31 December 2006, the Company, in the opinion of the Board, has complied 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") 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.

## **INDEPENDENT AUDITORS' REPORT**

The financial statements for the year ended 31 December 2006 were audited by Messrs. Moores Rowland Mazars. The independent auditors' report of the Group's financial statements for the Year is unqualified.

## **PUBLICATION OF ANNUAL REPORT**

The detailed results of the Group for the Year (including all the information required by Paragraphs 45(1) to 45(3) of Appendix 16 of the Listing Rules) will be published on the web-site of The Stock Exchange of Hong Kong Limited and the Company ([www.unity913.com](http://www.unity913.com)) in due course.

## **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  
**Unity Investments Holdings Limited**  
**合一投資控股有限公司**  
**CHUNG Wilson**  
*Chairman and Executive Director*

Hong Kong, 25 April 2007

*As at the date of this announcement, the Executive Directors of the Company are Mr. CHUNG Wilson (Chairman), Mr. KITCHELL Osman Bin (Chief Executive Officer) and Ms. CHOI Ka Wing; the Non-executive Director of the Company is Mr. WONG Man Hon, Frederick; and the Independent Non-executive Directors of the Company are Mr. CHUNG Kong Fei, Stephen, Mr. TSANG Wing Ki and Mr. CHEN Henri Wei Hwa.*