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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2005

The Board of Directors (the "Board") of Unity Investments Holdings Limited (the "Company") announces the unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2005 (the "Period") as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2005

		Unaudited	
		Six months ended 30 June	
		2005	2004
	Note	***HK$'000***	*HK$'000*
Turnover	*1*	**101,312**	61,774
Cost of sales		**(111,083)**	(72,983)
Realised loss on sale of investments held for trading		**(9,771)**	(11,209)
Unrealised holding gain on investments held for trading		**3,419**	1,748
Other revenues	*1*	**1,774**	1,017
Impairment loss on available-for-sale investments		**(3,000)**	–
Change in fair value of loan receivables		**(4,846)**	–
Administrative expenses		**(2,244)**	(1,611)
Loss from operations		**(14,668)**	(10,055)
Finance costs		**(1,371)**	(668)
Loss from ordinary activities before taxation		**(16,039)**	(10,723)
Taxation	*3*	**–**	–
Loss attributable to shareholders		**(16,039)**	(10,723)
Basic loss per share	*5*	**(3.73) cents**	(4.08) cents
Diluted loss per share	*5*	**(4.13) cents**	(4.08) cents

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2005 and 31 December 2004

	Note	**Unaudited At 30 June 2005** *HK$'000*	Audited At 31 December 2004 *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**57**	142
Available-for-sale investments		**52,544**	56,753
Fair value loan receivables		**20,336**	–
		72,937	56,895
CURRENT ASSETS			
Investments held for trading		**60,976**	53,600
Deposits, prepayments and other receivables		**498**	109
Bank balance and cash		**99**	1,055
		61,573	54,764
CURRENT LIABILITIES			
Accruals and other payables		**9,921**	4,745
Interest-bearing borrowings		**22,683**	–
		32,604	4,745
NET CURRENT ASSETS		**28,969**	50,019
NET ASSETS		**101,906**	106,914
CAPITAL AND RESERVES			
Share capital		**5,279**	38,400
Reserves	*7*	**96,627**	68,514
		101,906	106,914

Notes:

1. TURNOVER

The Group is principally engaged in the investments in listed and unlisted securities in Hong Kong.

Revenues recognised during the Period are as follows:

	Unaudited Six months ended 30 June	
	2005	2004
	HK$	*HK$*
Turnover		
Proceeds from sale of trading securities	**101,312**	61,774
Other revenues		
Dividend income from investment securities	**1,592**	1,017
Amortisation of fair value of loan receivables	**182**	–
	1,774	1,017
Turnover and revenues	**103,086**	62,791

2. LOSS FROM OPERATIONS

Loss attributable to shareholders is stated after charging depreciation of approximately HK$81,903 (2004: HK$86,000).

3. TAXATION

Hong Kong Profits Tax has not been provided as the Group has no estimated assessable profit during the Period (2004: HK$ Nil).

4. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the Period.

5. LOSS PER SHARE

The calculation of the loss per share is based on the loss for the period of HK$16,039,000 (2004: HK$10,723,000) and on the weighted average number of 429,688,580 shares (2004:262,725,279 shares) in issue during the period. The weighted average number of shares in issue used in the basic loss per share calculation for the six months ended 30 June 2005 has been adjusted to reflect the effect of the reduction of the nominal value of share from HK$0.1 to HK$0.01 during the current period, which is treated as became effective on 1 January 2005.

The calculation of the diluted loss per share is based on the loss for the six months ended 30 June 2005 of HK$16,039,450 and on the weighted average number of 388,644,597 shares in issue during the period. No diluted loss per share for the six months ended 30 June 2004 as there were no dilutive potential ordinary shares.

6. PLEDGE OF ASSETS

As at 30 June 2005, the Company has pledged all its investments and trading securities to secure margin financing facilities obtained from financial institutions. As at 30 June 2005, a total amount of approximately HK$9,750,000 (31 December 2004: approximately HK$3,870,000) has been utilised against these facilities.

7. RESERVES

Unity Investments Holdings Limited
Period Ended 30 June 2005
Reserves

	Share premium	Investment revaluation reserve/ (deficit)	Contributed surplus/ (deficit)	Accumulated (losses) profit	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At beginning of Period (audited)	83,335	20,002	–	(34,823)	68,514
Shares issued at premium	3,367	–	–	–	3,367
Share issue expenses	(135)	–	–	–	(135)
Shares issued under share option scheme	3,591	–	–	–	3,591
Creation of contributed surplus pursuant to the Capital Reorganisation	–	–	35,999	–	35,999
Contributed surplus set off against accumulated losses pursuant to the Capital Reorganisation			(20,250)	20,250	–
Surplus on valuation of investment securities	–	1,330	–	–	1,330
Loss for the period	–	–	–	(16,039)	(16,039)
At balance sheet date (unaudited)	90,158	21,332	15,749	(30,612)	96,627

BASIS OF PRESENTATION

The condensed financial statements are prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" and other relevant HKASs and Interpretations and the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are effective for accounting periods beginning on or after 1 January 2005. The application of the new HKFRSs has resulted in change to the Group's accounting policies in the following area which have material effect on the results for the current or prior accounting periods are prepared and presented.

The accounting policies are consistent with those followed in the Group's annual financial statements for the year ended 31 December 2004 except for the new adoption of certain HKFRSs and HKASs. Accordingly, certain comparative figures previously reported for the six months ended 30 June 2004 have been restated to comply with the new requirements.

HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 39	Financial Instruments: Recognition and Measurement
HKFRS 2	Share-based Payments

The adoption of HKAS 32 and HKAS 39 has resulted in a change in accounting policy for recognition, derecognition or measurement of financial assets and liabilities on a retrospective basis.

In accordance with HKAS 32, the Group classified and measured its debt and equity securities depend on the purpose for which the assets are acquired. On 1 January 2005, investment securities under non-current assets with carrying amount of HK$56,753,000 and trading securities under current assets with carrying amount of HK$53,600,000 were reclassified to available-for-sale investments (at fair value through equity) and held-for-trading investments (at fair value through profit or loss) on 1 January 2005 retrospectively.

In accordance with HKAS 39, loan receivables which have fixed and determinable payments and are not quoted in an active market are initially measured at fair value plus transaction cost directly attributable to the acquisition of the loans receivable. Loan receivables are subsequently measured at amortised cost using the effective interest method, less accumulated impairment losses.

LIQUIDITY AND CAPITAL RESOURCES

During the period from 1 January 2005 to the date of this Announcement, changes in the capital structure of the Company are as follows:

The Company has completed two share placements, raising approximately HK$5,711,000 for working capital and repayment of debts.

On 20 May 2005, the Company entered into an agreement to issue 5% convertible notes exercisable into 400,000,000 ordinary shares of HK$0.01 each, raising net proceeds of approximately HK$18,000,000.

On 25 July 2005, the Company entered into an agreement relating to proposed rights issue at HK$0.1 each on the basis of ten rights shares for every consolidated share held to raise approximately HK$50,000,000.

As at 30 June 2005, the Company's total Shareholders' Funds amounted to HK$101,906,000 (December 2004: HK$106,914,000), representing a decrease of approximately 4.68% year-on-year.

BUSINESS REVIEW

The Group reported a net loss of approximately HK$16,039,000 for the Period, comparing to the net loss of approximately HK$10,723,000 recorded for the corresponding period last year. Proceeds from sale of trading securities increased to approximately HK$101,312,000, representing a 64% year-on-year increase. The loss was principally attributed to the losses arising from trading of market securities.

During the Period, the Group retained its strategies of rebalancing its investment portfolio. As the Group principally invests in small to medium size market capitalisation stocks, which usually require longer time for the market to become aware of their intrinsic values, the Group does not make frequent unscheduled liquidation of its investments.

The relatively small equity base has prevented the Company from making diversified investments, frustrating the suitability and sustainability of its revenue and profit streams. In an effort to enhance its capital base and promote financial flexibility, the Company undertook three share placements during the Period, enhancing the Company's equity base. Together with the share options exercised by various parties during the Period, the Company's issued shares increased to 527,876,005 ordinary shares as at 30 June 2005. Additionally, the Company issued HK$20,000,000 convertible notes exercisable into 400,000,000 ordinary shares of HK$0.01 each at a conversion price of HK$0.05 per share. These exercises have successfully put the Company in a better position in terms of financial flexibility. Nevertheless, the financial resources do not facilitate timely investments, putting the Company in a less advantageous position in an economy witnessing steady and continuous recovery. Under these unfavourable circumstances, the Directors on 26 July 2005 further proposed a 10 for 1 rights issue for shareholders' approval.

Meanwhile, the Company undertook a series of corporate exercises to solidify the growth platform of the Group. In January 2005, the Directors made the proposals, inter alia, to increase the authorised share capital of the Company to HK$500,000,000; to reduce the issued share capital of the Company by canceling the issued and paid-up capital to the extent of HK$0.09 on each issued share; and to subdivide every unissued share into 10 unissued new shares. The proposals were subsequently approved by shareholders at the extraordinary general meeting held in February 2005. In compliance with Rule 13.64 of the Rules governing the Listing of Securities on the Stock Exchange of Hong Kong ("Listing Rules"), the Company proposed a 10 into 1 share consolidation and change of board lot size on 26 July 2005.

In terms of market value, the Group's shareholders' funds amounted to approximately HK$101,906,577 as at 30 June 2005. The breakdown of the Group's portfolio of investment assets as at 30 June 2005 is as follows:

Item	**Market value** *HK$'000*	**Percentage of consolidated net asset value**
Cash and deposits with banks	99	0.10%
Investments held for trading	60,976	59.84%
Available-for-sale investments	52,544	51.56%
Fair value loan receivables	20,336	19.96%

As at 30 June 2005, the Group had interests in ten items, which cover a large array of industries and sectors, including investment holding, financial services, trading, industrial and manufacturing.

PROSPECTS

The popularity of the derivatives market to a certain extent has resulted in high level of volatility, leading to risks and opportunities. The Directors believe that those companies with high degree of financial flexibility would be able to capture such market opportunities created by the anticipated volatility. As such, the Directors put forward a proposal to raise additional funds through the rights issue, of which the details are disclosed in a circular dated 18 August 2005, and will seek shareholders' approval in the extraordinary general meeting to be held on 13 September 2005. While remaining optimistic towards the long-term prospect of the securities market, the Directors would exercise caution when making future investments and continue to work on its investment objective of achieving long-term capital appreciation.

POST BALANCE SHEET EVENTS

Subsequent to the extraordinary general meeting held on 30 June 2005, the Company had issued HK$20,000,000 convertible notes exercisable into 400,000,000 ordinary shares of HK$0.01 each to 11 independent parties on 21 July 2005 pursuant to the terms and conditions stipulated in the placing agreement entered into between the Company and Get Nice Investment Limited on 19 May 2005.

On 26 July 2005, the Company proposed to consolidate its shares on the basis of every 10 ordinary shares of HK$0.01 each into 1 ordinary share of HK$0.10, to change the board lot size from 2,000 to 20,000 and to raise additional funds through the rights issue. The proposals are subject to shareholders' approval at the extraordinary general meeting to be held on 13 September 2005.

The Directors also proposed to amend the articles 102 and 106 of the existing Articles of Association of the Company so that the Board will consist of a maximum of 7 directors.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Listing Rules have recently been amended by the Stock Exchange by replacing the Code of Best Practice in Appendix 14 by a new Code on Corporate Governance Practices ("Code") and adding a new Appendix 23 on the requirements for a Corporate Governance Report to be included in annual reports of listed issuers. Subject to certain transitional arrangements, the amendments took effect on 1 January 2005.

The Company has complied with the Code throughout the six months ended 30 June 2005, with deviations from code provisions A.4.1. and A4.2 of the Code only in respect of the service term and rotation of directors.

Following a review of the Company's corporate governance practices with reference to the Code, the Directors proposed to amend the existing Articles of Association of the Company at the extraordinary general meeting to be held on 13 September 2005 to ensure compliance with the Code. Pursuant to code provision A.4.2, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. Accordingly, the Articles of Association of the Company will also be amended to specify that notwithstanding any other provisions in the existing Articles of Association of the Company, at each annual general meeting of the Company one-third of the Directors for the time being (or, if their number is not three or a multiple of three, the number nearest to but not less than, instead of not greater than, one-third) shall retire from office by rotation. As a result of the said proposed amendment, every Director will be subject to retirement by rotation at least once every three years in compliance with the code provision A.4.2. Code provision A.4.2 also provides that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. Accordingly, the Articles of Association of the Company will be amended to specify that any director appointed to fill a casual vacancy shall hold office until the next following general meeting instead of the next following annual general meeting.

In compliance with code provision A.4.2 of the Code, the relevant amendments to the articles 123 and 157 of the Articles of Association were proposed for approval at the extraordinary general meeting of the Company to be held on 13 September 2005.

None of the existing non-executive directors (including independent non-executive directors) of the Company is appointed for a specific term. This constitutes a deviation from code provision A.4.1 of the Code. However, all the directors of the Company are subject to the retirement provisions under article 157 of the Articles of Association of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Code.

CHANGE OF AUDITORS

On 25 April 2005, the Company appointed Messrs. Moores Rowland Mazars as its auditors.

EMPLOYEE AND REMUNERATION POLICIES

As at 30 June 2005, the Group had 7 employees, including 3 executive directors and 4 independent non-executive directors. The remuneration package of the Group is generally periodically reviewed based on performance appraisals and other relevant factors.

The total remuneration cost incurred by the Group for the six months ended 30 June 2005 was HK$296,090. (2004: HK$362,000).

PURCHASE, SALE OR REDEMPTION OF SHARES

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

AUDIT COMMITTEE

The Audit Committee, comprising four independent non-executive directors, has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited interim accounts for the six months ended 30 June 2005.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors by Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules. Upon enquiry by the Company, all Directors of the Company have confirmed that they have complied with the required standards set out in the Model Code throughout the Period.

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

By Order of the Board
Unity Investments Holdings Limited
合一投資控股有限公司
PANG Shuen Wai Nichols
Chairman

Hong Kong, 7 September 2005