

INTERIM REPORT 2006



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

CORPORATE INFORMATION

DIRECTORS

Executive Directors

CHUNG Wilson *Chairman*

KITCHELL, Osman Bin
Chief Executive Officer

Non-executive Director

WONG Man Hon, Frederick

Independent Non-executive Directors

CHUNG Kong Fei, Stephen

TSANG Wing Ki

CHEN Wei Hwa, Henri

COMPANY SECRETARY

LIU Tsui Fong

QUALIFIED ACCOUNTANT

LIU Tsui Fong

REGISTERED OFFICE

Century Yard

Cricket Square

Hutchins Drive

P.O. Box 2681GT

George Town

Grand Cayman

British West Indies

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

19th Floor

Harbour Commercial Building

122-124 Connaught Road Central

Hong Kong

INVESTMENT MANAGER

CU Investment Management Limited

Office B, 31st Floor

China United Center

28 Marble Road

North Point

Hong Kong

AUDITORS

Moores Rowland Mazars

Chartered Accountants

Certified Public Accountants

34th Floor, The Lee Gardens

33 Hysan Avenue

Causeway Bay

Hong Kong

PRINCIPAL BANK

Liu Chong Hing Bank

2nd Floor, New World Tower

16-18 Queen's Road Central

Hong Kong

CUSTODIAN

Liu Chong Hing Bank

Ground Floor

New World Tower

16-18 Queen's Road Central

Hong Kong

SHARE REGISTRARS AND TRANSFER OFFICE

Tengis Limited

26th Floor, Tesbury Centre

28 Queen's Road East

Wanchai

Hong Kong

The Board of Directors (the "Board") of Unity Investments Holdings Limited (the "Company") announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2006 (the "Period"). The consolidated income statement, consolidated balance sheet, consolidated cash flow statement and consolidated statement of changes in equity of the Group for the six months ended 30 June 2006, all of which are unaudited and condensed, along with selected explanatory notes, are set out on pages 2 to 12 of this report.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2006

		Unaudited Six months ended 30 June	
	Note	2006 HK\$'000	2005 HK\$'000
Turnover	2	112,200	101,312
Other revenue	2	2,190	1,774
Cost of sales		(106,142)	(111,083)
Realised gain on disposal of available-for-sale investments		25,012	—
Unrealised holding (loss) gain on investments held for trading		(5,301)	3,419
Impairment loss on available-for-sale investments		—	(3,000)
Change in fair value of loan receivables		—	(4,846)
Administrative expenses		(4,024)	(2,244)
Finance costs	3	(1,341)	(1,371)
Profit (Loss) before taxation	3	22,594	(16,039)
Taxation	4	—	—
Profit (Loss) attributable to shareholders		22,594	(16,039)
Earnings (Loss) per share — Basic	5	2.41 cents	(3.73) cents

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2006

	Six months ended 30 June	
	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
Opening balance - Total equity at 1 January (audited)	136,408	106,914
Issue of new shares, net of expenses	62,340	5,711
Issue of shares under share option scheme	—	3,990
Change in fair value of available-for-sale investments	12,449	1,330
Realised on disposal of available-for-sales investments	(21,356)	—
Profit (Loss) for the Period	22,594	(16,039)
Closing balance - Total equity at 30 June (unaudited)	212,435	101,906

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2006 and 31 December 2005

	Note	Unaudited At 30 June 2006 HK\$'000	Audited At 31 December 2005 HK\$'000
Non-current assets			
Property, plant and equipment		689	56
Available-for-sale investments	6	20,820	43,481
Loan receivable		12,500	12,500
		34,009	56,037
Current assets			
Investments held for trading	6	200,648	114,156
Deposits, prepayments and other receivables		2,356	4,281
Bank balances and cash		288	61
		203,292	118,498
Current liabilities			
Other payables and accruals		9,498	17,749
Short-term borrowings, unsecured	7	15,368	20,378
		24,866	38,127
Net current assets		178,426	80,371
Net assets		212,435	136,408
Capital and reserves			
Share capital	8	112,229	72,729
Reserves	9	100,206	63,679
		212,435	136,408

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2006

	Unaudited Six months ended 30 June	
	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
Net cash used in operating activities	(95,299)	(18,814)
Net cash from (used in) investing activities	38,186	(4,485)
Net cash from financing activities	57,340	22,343
Net increase (decrease) in cash and cash equivalents	227	(956)
Cash and cash equivalents at beginning of Period	61	1,055
Cash and cash equivalents at end of Period, represented by bank balances and cash	288	99

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2006

1. PRINCIPAL ACCOUNTING POLICIES

The condensed financial statements have been prepared in accordance with the applicable disclosure requirements of the Hong Kong Accounting Standards (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The condensed financial statements have been prepared under the historical cost basis except for available-for-sale investments and investments held for trading, which are measured at fair values.

The accounting policies used in the condensed financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2005.

2. TURNOVER AND REVENUE

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

	Unaudited Six months ended 30 June	
	2006 HK\$'000	2005 HK\$'000
Turnover		
Proceeds from sale of investments held for trading	112,200	101,312
Other revenue		
Dividend income — listed investment	2,045	1,592
Interest income	145	—
Amortisation of fair value of loan receivable	—	182
	2,190	1,774
Total revenue	114,390	103,086

3. PROFIT (LOSS) BEFORE TAXATION

	Unaudited Six months ended 30 June	
	2006 HK\$'000	2005 HK\$'000
This is stated after charging:		
(a) Finance costs		
Interest on other borrowings	657	240
Interest on short-term borrowings	684	1,131
	1,341	1,371
(b) Other items		
Depreciation	70	82
Staff cost, including directors' remuneration	778	296
Operating lease charges in respect of office premises	78	300

4. TAXATION

Hong Kong Profits Tax has not been provided as the Group's estimated assessable profit for the Period is wholly absorbed by unrelieved tax losses brought forward from previous years.

Hong Kong Profits Tax has not been provided as the Group has no estimated assessable profit for the six months ended 30 June 2005.

5. EARNINGS (LOSS) PER SHARE

The calculation of the earnings (loss) per share is based on the profit (loss) for the Period of HK\$22,594,000 (2005: loss of HK\$16,039,000) and on the weighted average number of 936,213,815 shares (2005: 429,688,580 shares) in issue during the Period.

No diluted earnings per share has been disclosed as the Company had no potential ordinary shares to be issued.

6. INVESTMENTS

	Unaudited 30 June 2006 HK\$'000	Audited 31 December 2005 HK\$'000
Available-for-sale investments		
Equity investment:		
Listed in Hong Kong	20,820	43,481
Unlisted	23,000	23,000
Impairment loss	(23,000)	(23,000)
	—	—
	20,820	43,481
Investments held for trading		
Equity investment:		
Listed in Hong Kong	159,247	106,056
Listed overseas	23,301	—
Debt investment:		
Unlisted	18,100	8,100
	200,648	114,156

7. SHORT-TERM BORROWINGS, UNSECURED

The amounts represent the loans from third parties and are unsecured, interest bearing ranging from prime rate plus 1% or 2% per annum and repayable within one year.

8. SHARE CAPITAL

	Note	Number of ordinary shares	Nominal value HK\$
Authorised:			
Ordinary shares of HK\$0.1 each at 1 January 2005		400,000,000	40,000,000
Subdivision of shares		3,600,000,000	—
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		(45,000,000,000)	—
<hr/>			
Ordinary shares of HK\$0.1 each at 31 December 2005, 1 January 2006 and 30 June 2006		5,000,000,000	500,000,000
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Issued and fully paid:			
Ordinary shares of HK\$0.1 each 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		—	(39,590,820)
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Ordinary shares of HK\$0.01 each Issuance of shares		439,898,005	4,398,980
Share consolidation		87,978,000	879,780
		(475,088,405)	—
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Ordinary shares of HK\$0.1 each		52,787,600	5,278,760
Right issue		527,876,000	52,787,600
Conversion of convertible notes		146,627,563	14,662,756
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Ordinary shares of HK\$0.1 each at 31 December 2005 and 1 January 2006		727,291,163	72,729,116
Issuance of shares	8(i) & (ii)	395,000,000	39,500,000
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Ordinary shares of HK\$0.1 each at 30 June 2006		1,122,291,163	112,229,116

8. SHARE CAPITAL (continued)

Note:

- (i) By an ordinary resolution passed on 27 February 2006, the Company agreed conditionally to place 250,000,000 shares of HK\$0.1 each of the Company on a fully underwritten basis to independent investors at a price of HK\$0.14 per share.
- (ii) By an ordinary resolution passed on 15 May 2006, the Company agreed conditionally to place 145,000,000 shares of HK\$0.1 each of the Company on a fully underwritten basis to independent investors at a price of HK\$0.20 per share.

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

9. RESERVES

	Share premium HK\$'000	Investment revaluation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At beginning of Period (audited)	89,792	13,633	(39,746)	63,679
Share issued at premium, net of issuing expenses	22,840	—	—	22,840
Change in fair value of available-for-sale investments	—	12,449	—	12,449
Realised upon disposal of available-for-sale investments	—	(21,356)	—	(21,356)
Profit for the Period	—	—	22,594	22,594
At balance sheet date (unaudited)	112,632	4,726	(17,152)	100,206

10. SHARE OPTION SCHEME

No option has been granted under the Company's share option scheme during the Period.

11. PLEDGE OF ASSETS

As at 30 June 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 30 June 2006, a total amount of HK\$7,800,273 (31 December 2005: HK\$17,167,218) has been utilised against these facilities.

12. RELATED PARTY TRANSACTIONS

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

Related party relationship	Nature of transaction	Unaudited Six months ended 30 June	
		2006 HK\$'000	2005 HK\$'000
A company under common directorship	Investment management fee paid (Note)	300	300

Note: Pursuant to an investment management agreement ("the Agreement") dated 5 November 2004 between the Company and CU Investment Management Limited ("CUIM"), CUIM has been providing the Group with investment management services from 5 November 2004 to 31 December 2005. Under this arrangement, CUIM was entitled to a monthly management fee payable in advance at a flat rate of HK\$50,000. The Agreement was renewed on 15 December 2005 under the same terms which will be expired on 31 December 2006.

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

13. COMMITMENTS

(a) Capital expenditure commitments

	Unaudited 30 June 2006 HK\$'000	Audited 31 December 2005 HK\$ '000
Contracted but not provided for net of deposit paid, in the financial statements for the acquisition of motor vehicles	2,030	—
Contracted but not provided for in the financial statements for the share subscription in a new investment, net of deposits accounted for (Note)	28,500	—
	30,530	—

13. **COMMITMENTS** (continued)

(a) **Capital expenditure commitments** (continued)

Note: On 30 June 2006, the Group entered into the Share Subscription Agreement (the "Agreement") to which the Group has conditionally agreed to subscribe for shares in Hong Kong Copper Mine Holding Limited ("Hong Kong Copper Mine") at the subscription price of HK\$20,000,000. Upon the completion of the subscription when the conditions are fulfilled, the Group will also provide a shareholder loan of HK\$10,000,000 to Hong Kong Copper Mine, which is interest-free, unsecured and repayable after three years. Up to the date of this report, certain conditions in the Agreement have not yet been fulfilled, the Subscription may or may not proceed.

(b) **Commitments under operating leases**

At the balance sheet date, the Group had total future aggregate minimum lease payments under non-cancellable operating leases, which are payable as follows:

	Unaudited 30 June 2006 HK\$'000	Audited 31 December 2005 HK\$'000
Within one year	204	21
In the second to fifth years inclusive	266	59
	470	80

INDEPENDENT REVIEW REPORT

To the Board of Directors of
Unity Investments Holdings Limited
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have been instructed by the Company to review the interim financial report set out on pages 2 to 12.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants and the relevant provisions thereof. The interim financial report is the responsibility of, and has been approved by, the directors.

It is our responsibility to form an independent conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

REVIEW WORK PERFORMED

We conducted our review in accordance with Statement of Auditing Standards 700 “Engagements to review interim financial reports” issued by the Hong Kong Institute of Certified Public Accountants. A review consists principally of making enquiries of group management and applying analytical procedures to the interim financial report and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial report.

REVIEW CONCLUSION

On the basis of our review, which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 30 June 2006.

Moores Rowland Mazars
Chartered Accountants
Certified Public Accountants

Hong Kong
15 September 2006



MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the Period (2005: Nil).

BUSINESS REVIEW AND PROSPECTS

The Group reported a net profit of approximately HK\$22,594,000 for the Period, comparing to the net loss of approximately HK\$16,039,000 recorded for the corresponding period last year. The proceeds from sale of trading securities increased to approximately HK\$112,200,000, representing a 11% increase compared to that of the corresponding period of last year, which is arising from Group's strategy of rebalancing its investment portfolio.

The Group has entered into a Share Subscription Agreement to invest in a copper mine project in China on 30 June 2006, the details of the transaction have been referred to the Company's announcement dated 30 June 2006. The Directors believe that it will be an excellent investment opportunity for the Group to participate in the growing copper mining industry in China and to diversify the investment portfolio of the Group.

During the Period under review, the Company completed two share placements to enhance its capital structure and to promote greater financial flexibility for seizing appropriate investment opportunities as they arise. On 1 December 2005, the Company entered into a placing agreement to place 250,000,000 ordinary shares at HK\$0.14 per share raised net proceeds of approximately HK\$34.3 million. On 2 May 2006, the Company entered into a placing agreement to place, on a best-effort basis, 145,000,000 ordinary shares at HK\$0.2 per share raised net proceeds of approximately HK\$28.27 million.

As at 30 June 2006, the Company's issued share capital was 1,122,291,163 ordinary shares. The Group's shareholders' funds amounted to approximately HK\$212,435,000 (2005: HK\$136,408,000) and the net asset value was HK\$0.19 per share (2005: HK\$0.19 per share).

The breakdown of the Group's portfolio of investment assets as at 30 June 2006 is as follows:

Item	Market value <i>HK\$'000</i>	Percentage of consolidated net assets value
Cash and deposits with banks	288	0.1%
Investments held for trading	200,648	94.5%
Available-for-sales investments	20,820	9.8%

As at 30 June 2006, the Group had unsecured, interest bearing short-term borrowings amounted to HK\$15 million (2005: HK\$20 million), which, when related to the Group's equity of HK\$212 million (2005: HK\$136 million), represented a gearing ratio of approximately 7% (2005: 15%).

Although the local stock market in 2006 has experienced steady growth and surging the year high, instability in the international economy as a result of global political influences and other uncertain factors such as the movement of global interest rate, oil price as well as the corporate earnings are still the concern to management on the Group's securities trading and investment business. For the immediate and medium term future, the Group's investment objective and strategy will continue to target at mid and small-cap local listed companies with quality management and good business prospects. However, in view of the uncertainty of macro environments at above, the management are uncertain that the second half of 2006 can achieve similar result as the first half.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN EQUITY OR DEBT SECURITIES

(i) Shares

As at 30 June 2006, the interest and short positions of the Directors and the Chief Executive in shares or debt securities of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which are required (a) to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Division 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange were as follows:

Long position in Shares

Name of Director	Ordinary share of HK\$0.1 each in the Company as at 30 June 2006	
	Shares	Percentage
Chung Wilson	15,000,000	1.33%
Wong Man Hon, Frederick	87,590,000	7.80%

As at 30 June 2006, no short positions were recorded in the Register of Directors' and Chief Executives' Interest and Short Positions required to be kept under section 352 of the SFO.

(ii) Share Option Scheme

In light of the requirements of Chapter 17 of the Listing Rules, the Company adopted a new share option scheme (the "Scheme") on 2 May 2003. Under the Scheme, the Directors 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 granted under the Scheme during the Period.

At no time during the Period was the Company or its subsidiaries a party to any arrangement to enable the Directors 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 (including their spouse 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.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2006, the register maintained by the Company pursuant to section 336 of the SFO recorded interests (as defined in the SFO) in the Company of the following corporations:

Name of shareholder	Capacity	Number of Shares	% of the relevant issued share capital
Radford Capital Investment Ltd (<i>Note 1</i>)	Interest in controlled corporation	103,930,000	9.26
Winning Horsee Ltd (<i>Note 1</i>)	Beneficial owner	103,930,000	9.26
Coupeville Ltd (<i>Note 2</i>)	Interest in controlled corporation	68,000,000	6.06
Heritage International Holdings Ltd (<i>Note 2</i>)	Interest in controlled corporation	68,000,000	6.06
Dollar Group Ltd (<i>Note 2</i>)	Beneficial owner	68,000,000	6.06

Notes:

- (1) Winning Horsee Ltd is 100% owned by Radford Capital Investment Ltd.
- (2) Dollar Group Ltd is 100% owned by Coupeville Limited, which in turn is 100% owned by Heritage International Holdings Ltd.

All the interests stated above represent long positions. As at 30 June 2006, no short positions were recorded in the Register of Interests in Shares and Short Positions of Substantial Shareholders required to be kept under section 336 of the SFO.

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.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the Code on Corporate Governance Practices (the "Code") stipulated in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the Period, with deviations from code provisions A.4.1 of the Code only in respect of the service term of directors.

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 directors of the Company (both executive and non-executive directors) are subject to the 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 of the Company amended on 13 September 2005. 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.

The practice of the corporate governance of the Company will be reviewed and updated from time to time in order to comply with the requirements of the Code.

EMPLOYEE AND REMUNERATION POLICIES

As at 30 June 2006, the Group had 10 employees, including 2 executive directors, 1 non-executive director and 3 independent non-executive directors. The remuneration package of the Group is generally periodically reviewed, making reference to current legislation, performance appraisals and other relevant factors.

The total remuneration cost incurred by the Group for the Period was HK\$778,000 (2005: HK\$296,000).

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.

AUDIT COMMITTEE

The Audit Committee 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 Period. At the request of the Directors, the Company's external auditors, Messrs. Moores Rowland Mazars, have carried out a review of the unaudited interim financial statements in accordance with the Statement of Auditing Standards 700 "Engagement to review interim financial reports" issued by the Hong Kong Institute of Certified Public Accountants.

By Order of the Board
CHUNG Wilson
Chairman

Hong Kong 15 September 2006