



Unity Investments Holdings Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock Code : 913)



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

CHUNG Wilson

*(resigned as Executive Director &
Chairman on 16 January 2008)*

KITCHELL Osman Bin

*(Chairman & Chief Executive Officer)
(appointed as Chairman on
16 January 2008)*

CHOI Ka Wing

Independent Non-executive Directors

CHUNG Kong Fei, Stephen*

TSANG Wing Ki*

SWARTZ Kristi Lynn*

* Member of Audit Committee

QUALIFIED ACCOUNTANT & COMPANY SECRETARY

LIU Tsui Fong

PRINCIPAL BANKER & CUSTODIAN

Chong Hing Bank Limited

INVESTMENT MANAGER

CU Investment Management Limited

Office B, 31st Floor

China United Centre

28 Marble Road

North Point

Hong Kong

AUDITORS

Mazars CPA Limited

Certified Public Accountants

34th Floor, The Lee Gardens

33 Hysan Avenue

Causeway Bay

Hong Kong

REGISTERED OFFICE

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 2206, 22nd Floor

China United Centre

28 Marble Road

North Point

Hong Kong

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited

26th Floor

Tesbury Centre

28 Queen's Road East

Wanchai

Hong Kong

STOCK CODE

913

COMPANY WEBSITE

www.unity913.com

Chairman's Statement and Management Discussion and Analysis

On behalf of the Board of Directors (the "Board"), I am pleased to present the audited results of Unity Investments Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2007 (the "Year").

FINAL RESULTS

The Group's audited consolidated net loss attributable to shareholders was HK\$98,995,641 for the Year (*2006: consolidated net profit of HK\$12,204,259*). The increase in net loss principally reflected the realised loss on disposal from both investments held for trading and available-for-sale investments.

General and administrative expenses increased from HK\$8,840,660 reported last year to HK\$11,286,635 this Year being in line with the increase in operating activities of the Group. Finance costs increased from HK\$2,056,841 to HK\$2,492,396 this Year.

The Board do not recommend the payment of a final dividend for the Year.

BUSINESS REVIEW

For the Year under review, the Group was principally engaged in the investment in listed and unlisted companies. Turnover recognised by the Group during the Year was the proceeds from sale of investments held for trading, amounted HK\$837,238,944 (*2006: HK\$295,055,810*) which represented an increase of 184% as compared to last year.

In terms of diversification, the Group's current investment portfolio covers a wide range of industries and sectors, including, not limit to, securities investment companies but also companies engaged in the businesses of infrastructure, trading, information technologies, media, energy and property investment etc.

FINANCIAL REVIEW

Liquidity, Financial Resource and Capital Structure

As at 31 December 2007, the net current assets of the Group amounted to HK\$134,378,620 (2006: HK\$174,181,383). The bank balances and cash were HK\$9,732,245 (2006: HK\$576,359).

The Group's asset portfolio is mainly financed by its shareholders' funds. As at 31 December 2007, the Group had total equity of HK\$416,800,936 (2006: HK\$212,261,266). The increase in total equity was mainly from the net proceeds of approximately HK\$367 million raised by the Company through rights issue and several placements and totally 2,709,773,680 new shares were issued. A total of 309,592,833 share options were granted and exercised by the directors and qualified allottees under the Share Option Scheme with the net proceeds of approximately HK\$58 million.

The Company had HK\$132,142 (2006: HK\$12,202,326) margin financing payable and HK\$25,000,000 (2006: Nil) unsecured interest bearing short-term borrowings as at 31 December 2007. HK\$20,000,000 had been settled after balance sheet date and leaving HK\$5,000,000 due in July 2008. The Group's gearing ratio, representing the total debt divided by equity attributable to equity holders, was 6.03% (2006: 5.75%).

The Group has no material capital commitment at the Year end. Taking into account of liquid assets on hand and available short-term or margin loan facilities, the Directors are of the view that the Group has sufficient financial resources to meet its ongoing operational requirements.

During the Year, the Company had undergone a capital reorganisation pursuant to which the nominal values of the shares of the Company was reduced from HK\$0.10 each to HK\$0.01 each (the "Reduced Share") by cancelling HK\$0.09 paid-up capital on each Reduced Share. Every ten issued Reduced Shares of HK\$0.01 each were consolidated into one consolidated share of HK\$0.10 each. The credit arising from the reduction was transferred to the contributed surplus account of the Company. The amount 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 elimination against the accumulated losses of the Company. During the Year, contributed surplus of HK\$11,421,407 had been applied to set off against accumulated losses pursuant to the capital reorganisation.

Chairman's Statement and Management Discussion and Analysis

Investment Portfolio

The breakdown of the Group's investment portfolio as at 31 December 2007 was:

	Market value HK\$	Percentage of the Group's portfolio
Available-for-sale investments	280,991,825	65%
Investments held for trading	150,549,641	35%
	<u>431,541,466</u>	<u>100%</u>

The size of the Group's investment portfolio had experienced substantial growth when compared with the portfolio size of HK\$222,201,777 recorded on the previous balance sheet date.

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 and brief description of investee company by referring to their latest published audited financial results as follows:

Code	Name	Number of shares	Percentage of shareholding	Cost		Unrealised gain (loss)/ Revaluation Reserve	Dividends Income
				HK\$	Market value HK\$	HK\$	HK\$
263	Poly Investments Holdings Limited	79,316,000	3.05%	66,404,160	86,454,440	20,050,280	-
136	Mascotte Holdings Limited	106,126,000	5.57%	63,859,256	71,104,420	7,245,164	-
651	Wonson International Holdings Limited	365,236,000	2.12%	6,428,154	48,941,624	42,513,470	-
412	Heritage International Holdings Limited	88,130,705	4.96%	70,545,140	32,167,707	(38,377,433)	-
273	Willie International Holdings Limited	850,000,000	5.60%	86,520,000	23,800,000	(62,720,000)	-
-	Goldman Sachs US\$ Liquid Reserve Fund	2,757,797	-	21,410,992	21,428,105	17,113	603,410
P15.SI	Pacific Century Regional Developments Limited	11,000,000	0.36%	21,121,548	19,601,064	(1,520,484)	-
139	GR Vietnam Holdings Limited	38,066,000	1.35%	17,051,959	18,842,670	1,790,711	-
279	Freeman Corporation Limited	404,600,000	4.97%	37,582,670	17,397,800	(20,184,870)	-
5206	Universal Technology Systems Inc.	13,684,715	29.96%	28,675,269	17,044,389	(11,630,880)	-

Chairman's Statement and Management Discussion and Analysis

Poly Investments Holdings Limited ("Poly") was incorporated in Hong Kong and principally engaged in power generation, trading of goods, provision of finance, property investment and management and brokerage and securities investment. For the financial year ended 31 December 2007, the audited consolidated profit from ordinary activities attributable to equity holders of Poly was HK\$44,804,000 with basic earnings per share of HK\$3.07 cents. As at 31 December 2007, its audited consolidated net assets was HK\$975,422,000.

Mascotte Holdings Limited ("Mascotte") was incorporated in Bermuda and principally engaged in the manufacturing and sale of accessories for photographic, electrical and multimedia products and property investment. For the financial year ended 31 March 2007, the audited consolidated profit from ordinary activities attributable to equity holders of Mascotte was HK\$10,540,043 with basic earnings per share of HK\$2.4 cents. As at 31 March 2007, its audited consolidated net assets was HK\$279,783,474.

Wonson International Holdings Limited ("Wonson") was incorporated in Bermuda and principally engaged in metals trading, sales of communication products and investment in securities. For the financial year ended 31 December 2006, the audited consolidated loss from ordinary activities attributable to equity holders of Wonson was HK\$61,789,000 with basic loss per share of HK\$11.62 cents. As at 31 December 2006, its audited consolidated net assets was HK\$145,663,000.

Heritage International Holdings Limited ("Heritage") was incorporated in Bermuda and principally engaged in property investment, investment in securities, money lending and investment holding. For the financial year ended 31 March 2007, the audited consolidated loss from ordinary activities attributable to equity holders of Heritage was HK\$228,445,000 with basic loss per share being HK\$2.10 cents. As at 31 March 2007, its audited consolidated net assets was HK\$817,486,000.

Willie International Holdings Limited ("Willie") was incorporated in Hong Kong and principally engaged in property investment, trading of securities, provision of financial services and investment holding. For the financial year ended 31 December 2007, the audited consolidated loss from ordinary activities attributable to equity holders of Willie was HK\$197,582,000 with basic loss per share being HK\$17.6 cents. As at 31 December 2007, its audited consolidated net assets was HK\$1,486,465,000.

Chairman's Statement and Management Discussion and Analysis

The Goldman Sachs US\$ Liquid Reserve Fund ("GSUSFD") which is to maximise current income to the extent consistent with the preservation of capital and the maintenance of liquidity by investing in a diversified portfolio of high quality money market securities. Share of the GSUSFD are denominated in US dollars and aim to achieve a stable net asset value per share of US\$1 and all or substantially all of the GSUSFD's net investment income is declared as dividend income.

Pacific Century Regional Developments Limited ("Pacific Century") is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The principally activities of the Company and its subsidiaries are the holding of investments and development of infrastructure and properties. Until 15 May 2007, Pacific Century's principal activities also included the provision of a range of whole life, endowment, term life insurance and other related products in Hong Kong. This business segment was discontinued during the financial year ended 31 December 2007. For the financial year ended 31 December 2007, the audited consolidated profit from ordinary activities attributable to equity holders of Pacific Century was SGD56,863,000 with basic earnings per share of SGD1.88 cents. As at 31 December 2007, its audited consolidated net liabilities was SGD15,247,000.

GR Vietnam Holdings Limited ("GR Vietnam") (formerly known as "139 Holdings Limited") was incorporated in Bermuda and principally engaged in trading and distribution of electronic products and other merchandise and securities investment and trading. For the financial year ended 31 March 2007, the audited consolidated loss from ordinary activities attributable to equity holders of GR Vietnam was HK\$38,800,000 with basic loss per share of HK\$3.16 cents. As at 31 March 2007, its audited consolidated net assets was HK\$404,633,000.

Freeman Corporation Limited ("Freeman") was incorporated in the Cayman Islands and principally engaged in trading of securities, provision of finance, property investment, insurance agency and brokerage business and investment holding. For the financial year ended 31 March 2007, the audited consolidated loss from ordinary activities attributable to equity holders of Freeman was HK\$213,033,000 with basic loss per share of HK\$14.57 cents. As at 31 March 2007, its audited consolidated net assets was HK\$589,238,000.

Universal Technology Systems Inc. ("Universal Technology") was incorporated in Taiwan and listed on the Taiwan Stock Market and principally engaged in a system solutions and integrations, and in the sourcing of computer softwares and hardwares. For the financial year ended 31 December 2006, the audited consolidated profit attributable to equity holders of Universal Technology was NTD4,809,000 with basic earnings per share of NTD0.07. As at 31 December 2006, its audited consolidated net assets was NTD456,783,000.

Pledge of Assets

As at 31 December 2007, available-for-sale investments and investments held for trading with carrying amount of HK\$265,520,798 (2006: HK\$163,844,749) were pledged to securities brokers to secure margin financing facilities to the Group.

Contingent Liabilities

Contingent liabilities of the Group and the Company as at 31 December 2007 are set out in note 25 to the financial statements.

Foreign Currency Management

As a result of overseas investments denominated in United States Dollars ("USD"), Singapore Dollars ("SGD"), and New Taiwan Dollars ("NTD"), the Group is exposed to the movement in the HKD/USD, HKD/SGD and HKD/NTD exchange rates. The Group's exposure to foreign exchange risk was not significant, therefore, no financial instruments was made to hedge such exposures.

PROSPECTS

The global economy had enjoyed a good year in 2007 with major international stock markets going up and bond market developed stably; despite the constraints of record-high oil prices and a credit squeeze that from August 2007 significantly slowed the pace of investments. The value of RMB appreciation had benefited from the rapid economic growth and had attracted more international fund flow into Hong Kong and China. However, the negative impact of the sub-prime crisis in the United States ("US") gradually emerged in the 4th quarter of 2007 which will become a concern for the future development of the financial industry.

Chairman's Statement and Management Discussion and Analysis

Since September 2007, the US Federal Reserve began to loosen its rates policy; which move was considered too late to prevent an economic recession in the US to spread to a global scale, hence accelerated global economy downturn since the 4th quarter of 2007. Moreover, China has noticeably retained its tightening stance in the face of a fast-growing economy with escalating inflation. In the global economy, volatile oil prices, fluctuating financial markets and continued inflation are to be the major threats in 2008 market. Global financial markets are expected to remain turmoil and directionless.

We believe 2008 will be a challenging year for us, we will make continuous efforts to improve our asset and liability structure. In our upcoming efforts, the Group will continue to look for appropriate investment opportunities to expand and diversify its portfolio and emphasis will be placed on the financial risk in the context of economic globalisation to ensure our development can withstand the challenge of a complete economic cycle.

We will uphold the sincere and solid business attitude in the years to come to achieve the optimal business performance for the best interest to the shareholders. We will also continue to enhance corporate governance, strengthen capital capability and achieve maximum long-term sustainable value for shareholders.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2007, the Group had eight employees, including three executive directors, 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\$2,365,949 (2006: HK\$1,733,973) and there has been no significant change in the Group's remuneration policy.

A comprehensive disclosure of directors' emoluments pursuant to section 161 of the Hong Kong Companies Ordinance are set out in note 10(a) 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

Unity Investments Holdings Limited

合一投資控股有限公司

KITCHELL Osman Bin

Chairman

Hong Kong, 23 April 2008

Biographical Details of Directors

EXECUTIVE DIRECTORS

Mr. CHUNG Wilson (“Mr. CHUNG”), aged 55, 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 and resigned on 16 January 2008.

Mr. KITCHELL Osman Bin (“Mr. KITCHELL”), aged 43, 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 12 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. Mr. KITCHELL replaced Mr. CHUNG Wilson as chairman of the Company on 16 January 2008.

Ms. CHOI Ka Wing (“Ms. CHOI”), aged 25, 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 49, 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 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. Mr. WONG resigned as non-executive director of the Company on 8 May 2007.

Biographical Details of Directors

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHUNG Kong Fei, Stephen ("Mr. CHUNG"), aged 51, 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 (stock code: 8081), a publicly listed company in Hong Kong. Mr. CHUNG was appointed as an independent non-executive director of the Company on 16 March 2004.

Mr. TSANG Wing Ki ("Mr. TSANG"), aged 46, 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 20 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 32, obtained a Master of Economics, specialising in information systems, from the Plekhanov Russian Academy of Economics in Moscow and a MBA from the National Chengchi University in Taipei. Mr. CHEN was appointed as an independent non-executive director of the Company on 28 June 2006 and was removed on 7 December 2007.

Ms. SWARTZ Kristi Lynn ("Ms. SWARTZ"), aged 38, obtained B.B.A., M.B.A. and LL.M. degrees, and is a member of Law Societies of Hong Kong, England and Wales. Ms. SWARTZ is head of Swartz Solicitors. Ms. SWARTZ has a wealth of knowledge on legal matters and corporate litigation matters. Ms. SWARTZ is currently the independent non-executive director of Mascotte Holdings Limited (stock code: 136) and Forefront Group Limited (stock code: 885), both publicly listed companies in Hong Kong. Ms. SWARTAZ was appointed as an independent non-executive director of the Company on 1 November 2007.

The directors of the Company (the "Directors") are pleased to present their report and the audited financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2007 (the "Year").

PRINCIPAL ACTIVITIES

During the Year, the Group has been engaged principally in the investment in listed and unlisted companies.

The segments information of the Group for the Year are set out in the note 5 to the financial statement.

RESULTS AND APPROPRIATION

The results of the Group for the Year are set out in the consolidated income statements on page 32.

No interim dividend was paid by the Company during the Year (2006: Nil) and the Board does not recommend the payment of a final dividend for the Year (2006: Nil).

FIVE YEAR 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, are set out on page 88. This summary does not form part of the audited financial statements.

SHARE CAPITAL

Details of the movements during the Year in the share capital of the Company are set out in note 18 to the financial statements.

RESERVES

Movements in the reserves of the Group and the Company during the Year are set out in note 19 to the financial statements.

Directors' Report

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.

DONATIONS

During the Year, the Group made charitable donations amounting to HK\$128,000 (2006: HK\$440,000).

DIRECTORS

The directors of the Company during the Year and up to the date of this annual report were as follows:

Mr. CHUNG Wilson (<i>Chairman</i>)	(<i>resigned as executive director and chairman on 16 January 2008</i>)
Mr. KITCHELL Osman Bin (<i>Chairman & Chief Executive Officer</i>)	(<i>appointed as chairman on 16 January 2008</i>)
Ms. CHOI Ka Wing	
Mr. WONG Man Hon, Frederick*	(<i>resigned as non-executive director on 8 May 2007</i>)
Mr. CHUNG Kong Fei, Stephen#	
Mr. TSANG Wing Ki#	
Mr. CHEN Henri Wei Hwa#	(<i>removed as independent non-executive director on 7 December 2007</i>)
Ms. SWARTZ Kristi Lynn#	(<i>appointed as independent non-executive director on 1 November 2007</i>)

* *Non-executive Director*

Independent non-executive Directors

In accordance with Article 157 of the Company's Articles of Association, Mr. KITCHELL Osman Bin and Mr. CHUNG Kong Fei, Stephen will retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election. In accordance with Article 160 of the Company's Articles of Association, Ms. SWARTZ Kristi Lynn will retire at the forthcoming annual general meeting and, being eligible, offer herself for re-election.

Biographical details of Directors of the Group are set out on pages 11 and 12.

SHARE OPTION SCHEME

Details of Company's share option scheme are set out in note 20 to the financial statements.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practice. Information on the corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 22 to 29.

EMOLUMENTS OF DIRECTORS AND THE FIVE HIGHEST-PAID EMPLOYEES

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

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

(1) Shares

As at 31 December 2007, none of Directors and the chief executive of the Company or any of their associates had registered an interest or short positions in any shares, underlying shares or debt securities of the Company or any of its subsidiaries or other associated corporations (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 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 Issuers to be notified to the Company and the Stock Exchange.

Directors' Report

(2) 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. The following table discloses movement in the Company's share options under the Scheme during the Year.

Name of category of participant	Date of grant	Exercise price HK\$	As at 1 January 2007	Granted during the Year	Exercised during the Year	As at 31 December 2007
Directors						
CHUNG Wilson	15 February 2007	0.530	-	1,100,000	(1,100,000)	-
KITCHELL Osman Bin	15 February 2007	0.530	-	1,100,000	(1,100,000)	-
CHOI Ka Wing	15 February 2007	0.530	-	1,100,000	(1,100,000)	-
Qualified allottees						
in aggregate	15 February 2007	0.530	-	3,970,000	(3,970,000)	-
	31 May 2007	0.255	-	131,440,000	(131,440,000)	-
	31 October 2007	0.123	-	170,882,833	(170,882,833)	-
			-	309,592,833	(309,592,833)	-

No share options were granted, lapsed, exercised or expired under the Scheme during the year ended 2006.

The Directors adopted the Black-Scholes model to calculate the fair value of share options at the date on which the options were granted. Details of assumption are set out in note 20 (b) to the financial statement.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the section headed "Share Option Scheme" above, at no time during the Year was the Company or any of its subsidiaries a party to any arrangements 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, neither the Directors nor the chief executive, nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company or had exercised any such right.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No 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' INTERESTS IN COMPETING BUSINESS

During the Year and up to the date of this report, to the best knowledge of the Directors, none of the Directors and their respective associates was considered to have any interest in the business which compete or were likely to compete either directly or indirectly, with the business of the Group.

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 or any of its subsidiaries which is not determinable by the employing company within one year without payment of compensation, other than statutory compensation.

MODEL CODE OF 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. Having made specific inquiry to all Directors as at balance sheet date and confirmed that they have complied with the required standard as set out in the Model Code for the Year.

DISCLOSEABLE INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

The register of interest in shares and short positions maintained by the Company pursuant to section 336 of the SFO showed that as at 31 December 2007, the Company had been notified of the following interest in shares representing 5% or more of the Company's issued share:

Name of substantial shareholders	Capacity in which such interest is held	Number of shares held	Percentage of nominal value of issued share capital
Willie International Holdings Limited (<i>Note 1</i>)	Interest in controlled corporation	410,118,799	13.10%
Heritage International Holdings Limited (<i>Note 2</i>)	Interest in controlled corporation	199,928,000	6.38%

Notes:

- (1) Willie International Holdings Limited (stock code: 273) is deemed to be interested in 410,118,799 shares held by Pearl Decade Limited, its direct wholly owned subsidiary, for the purpose of the SFO.
- (2) Heritage International Holdings Limited (stock code: 412) is deemed to be interested in 199,928,000 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, no person had notified the Company of an interest or short position in the shares or underlying shares of the Company as at 31 December 2007 that was required to be recorded pursuant to Section 336 of the SFO.

CONNECTED PARTY TRANSACTIONS AND RENEWAL OF INVESTMENT MANAGEMENT AGREEMENT

The investment manager is defined as connected person of the Company pursuant to Rule 21.13 of the Listing Rules. On 17 December 2007, the Company and CU Investment Management Limited renewed the investment management agreement for another one-year up to 31 December 2008 at the same terms and conditions of HK\$70,000 (2007: HK\$70,000) management fee per month payable in advance.

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.

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.

RETIREMENT SCHEME

The Group provides a defined contribution retirement scheme (the "Scheme") under the Mandatory Provident Fund Schemes Ordinance 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.

AUDIT COMMITTEE

The Audit Committee of the Company as at the date of this annual report comprises three independent non-executive directors, namely Mr. CHUNG Kong Fei, Stephen, Mr. TSANG Wing Ki and Ms. SWARTZ Kristi Lynn.

The Audit Committee 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, risk evaluation and relationship with the Company's external independent auditor. 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 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 internal controls, auditing and financial reporting matters, including a review of the audited financial statements for the year ended 31 December 2007.

SUFFICIENCY PUBLIC FLOAT

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

POST BALANCE SHEET EVENTS

Details of significant events subsequent to the balance sheet date are set out in note 28 to the financial statement.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 10 June 2008 to Thursday, 12 June 2008, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for voting in Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong by not later than 4:30 p.m. on Friday, 6 June 2008.

INDEPENDENT AUDITORS

The Company announced on 30 July 2007 that Messrs. Moores Rowland Mazars resigned as auditors of the Group following the reorganisation of the firm and Mazars CPA Limited was appointed as auditors of the Group on 30 July 2007 to fill the casual vacancy and the appointment was approved by shareholders of the Company at the extraordinary general meeting held on 27 August 2007.

The financial statements of the Company for the years ended 31 December 2005 and 2006 were audited by Messrs. Moores Rowland Mazars, while those for the year ended 31 December 2007 were audited by Mazars CPA Limited, *Certified Public Accountants*.

A resolution will be submitted to the annual general meeting to re-appoint Mazars CPA Limited as auditors of the Group.

On behalf of the Board

Unity Investments Holdings Limited

合一投資控股有限公司

KITCHELL Osman Bin

Chairman

Hong Kong, 23 April 2008

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 2007 (the “Year”) and up to the date of this annual report, the Company, in the opinion of the Board, has complied with the Code Provision with deviations from the Code Provision A.2.1, A.4.1 and E.1.2 as summarised below:

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Following the resignation of Mr. CHUNG Wilson as an executive director and chairman of the Company on 16 January 2008. Mr. KITCHELL Osman Bin was appointed as chairman and took the role of chairman and chief executive officer of the Company. Mr. KITCHELL Osman Bin possesses essential leadership skills and has extensive knowledge in the business of the Group. The Board is of the view that currently vesting the roles of chairman and chief executive officer in the same person provides the Group with strong and consistent leadership and allows for more effective and efficient business planning and decisions as well as execution of long term business strategies.

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 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. As such, the Company considers that sufficient measures have been taken to ensure that the Company’s corporate governance practices are no less exacting those in the Code Provision.

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 general meeting. However, opinions of independent non-executive directors had been expressed in the letters from the Independent Board Committee which were included in circulars for the extraordinary general meetings held on 19 April 2007, 11 July 2007, 27 August 2007, 5 December 2007 and 30 January 2008.

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 adopted the Model Code for Securities Transactions by directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules. The Model Code is sent to each director of the Company on his/her appointment. One month before the date of Board meetings to approve the Group's half-year and annual results, the Company will sent a reminder to all the directors that they cannot deal in the securities and derivatives of the Company until after such results have been published, and that all their dealings must be conducted in accordance with the Model Code.

Upon specific enquiry by the Company, all directors of the Company as at balance sheet date have confirmed that they have complied with the required standards set out in Model Code for the Year.

THE BOARD

(1) Role and function of the Board

The Directors is collectively and individually are aware of their responsibilities to shareholders, for the manner in which for all business and affairs of the Company are managed and operated. All Directors have grave concern, sufficient time and attention to all the significant issues and affairs of the Company and its subsidiaries (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

The chairman and chief executive officer of the Company during the Year were Mr. CHUNG Wilson and Mr. KITCHELL Osman Bin. Mr. KITCHELL Osman Bin took the role of chairman of the Company after resignation of Mr. CHUNG Wilson on 16 January 2008 which constitutes a deviation from Code Provision of A.2.1.

The chairman is responsible for the management of the Board and external corporate communication. The chief executive officer is responsible for the day-to-day operation, monitoring performance of the management and effectiveness of the Company, including but not limit to, the implementation of the overall strategy of the Company.

(3) Board composition

As at the date of this report, the Board comprises two executive directors, namely, Mr. KITCHELL Osman Bin (*Chairman and Chief Executive Officer*) and Ms. CHOI Ka Wing; and three independent non-executive directors ("INED(s)"), namely Mr. CHUNG Kong Fei, Stephen, Mr. TSANG Wing Ki and Ms. SWARTZ Kristi Lynn. Mr. TSANG Wing Ki within the INEDs has appropriate professional qualification of accounting or related financial management expertise.

Corporate Governance Report

During the Year, the Board at all time met the requirements of the Listing Rules relating to the appointment of at least three INEDs with at least one INED possessing appropriate professional qualifications, or accounting related financial management expertise.

The Company has received written annual confirmation of independence from the three INEDs as at the date of this report 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 Directors" set out on pages 11 and 12 of this annual report.

(4) Meeting records

The Directors had 12 full Board meetings for the Year. Attendance records of the Board meetings as being a Director was:

Executive Directors Attendance

CHUNG Wilson	12/12	<i>(resigned on 16 January 2008)</i>
KITCHELL Osman Bin	12/12	
CHOI Ka Wing	12/12	

Non-executive Director Attendance

WONG Man Hon, Frederick	1/2	<i>(resigned on 8 May 2007)</i>
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Independent non-executive Directors Attendance

CHUNG Kong Fei, Stephen	12/12	
TSANG Wing Ki	12/12	
CHEN Henri Wei Hwa	10/12	<i>(removed on 7 December 2007)</i>
SWARTZ Kristi Lynn	4/4	<i>(appointed on 1 November 2007)</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 balance date and the date of this report, the Remuneration Committee comprises two of INED and one executive director:

TSANG Wing Ki#	
CHEN Henri Wei Hwa#	<i>(removed on 7 December 2007)</i>
SWARTZ Kristi Lynn#	<i>(appointed on 1 November 2007)</i>
CHUNG Wilson	<i>(resigned on 16 January 2008)</i>
KITCHELL Osman Bin	<i>(appointed on 16 January 2008)</i>

Independent non-executive Directors

NOMINATION OF DIRECTORS

Nomination committee has not been set up to deal with the nomination of Directors. 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 shareholders of the Company.

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 limit 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; 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.

Corporate Governance Report

All members of the Audit Committee are independent non-executive directors. As at 31 December 2007, the Audit Committee comprises three independent non-executive directors, namely Mr. CHUNG Kong Fei, Stephen, Mr. TSANG Wing Ki and Ms. SWARTZ Kristi Lynn.

The Audit Committee held three meetings during the Year, two of which was to review and consider the Company's financial results during the Year and one for appointment of Mazars CPA Limited as the auditors of the Group following the resignation of Moores Rowland Mazars. Statistics of attendance of the Audit Committee meetings are as follows:

Committee members attendance

CHUNG Kong Fei, Stephen	3/3
TSANG Wing Ki	3/3
CHEN Henri Wei Hwa <i>(removed on 7 December 2007)</i>	3/3
SWARTZ Kristi Lynn <i>(appointed on 1 November 2007)</i>	0/0

The Group's unaudited interim results for the six months ended 30 June 2007 and audited annual results for the financial year ended 31 December 2007 were reviewed by the Audit Committee, which opined that the preparations of the two sets of results announcements, interim report and annual report were in compliance with the applicable accounting standards and practices.

AUDITORS' REMUNERATION

Mazars CPA Limited was appointed as auditors of the Group on 30 July 2007 to fill in the casual vacancy following the resignation of Moores Rowland Mazars. The appointment was approved by shareholders of the Company at the extraordinary general meeting on 27 August 2007 and the Directors was authorised to fix their remuneration. The audit fees amounts of HK\$370,000 for the Year.

INTERNAL CONTROL REVIEW

The Board is responsible for the Group's system of internal control so as to maintain sound and effective controls to safeguard the shareholders' investment and the assets of the Group. Professional firm had engaged to conduct the internal control review on process of the Company's principal activities in 2006 and no significant weaknesses noted. Taking into account of recommendation from professional consultant, the Board continued to enhance the effectiveness of the Group's internal control system which covers all material controls, including financial, operational and compliance controls and risk management functions and conducted annual review. The Board consider that the present internal control system is adequate in compliance with the requirements under Listing Rules.

DIRECTORS' AND AUDITORS RESPONSIBILITIES FOR ACCOUNTS

Reporting responsibilities of the Directors and the auditor are set out on pages 30 and 31 of this annual report.

In preparing the financial statements, the Directors consider that the financial statements of the Group are prepared on going concern basis and appropriate policies have been consistently applied. The Directors aim to present a fair and reasonable assessment of the Group's position and prospects to the shareholders and to disclose proper and relevant information required under the Listing Rules in a timely manner.

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, interim 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 shareholders to consider in the general meetings during the Year. During the Year, the Company had held one annual general meeting and five extraordinary general meetings.

In compliance with the requirements on the poll voting procedures, the Company has informed the shareholders in respect of the procedures for voting by poll and the rights of the shareholders in demanding for poll pursuant to Article 100 of the Articles of Association of the Company at each general meeting. There were resolutions requiring polls either demanded by the chairman of the meetings 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 shareholders attending the meetings the level of proxies ledged 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. Tricor Tengis Limited, the Company's Hong Kong Branch Share 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 shareholders 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 shareholders 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



MAZARS CPA LIMITED
馬賽會計師事務所有限公司
34th Floor, The Lee Gardens,
33 Hysan Avenue, Causeway Bay, Hong Kong
香港銅鑼灣希慎道33號利園廣場34樓

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 (collectively referred to as the "Group") set out on pages 32 to 81, which comprise the consolidated and the Company's balance sheets as at 31 December 2007, and the consolidated income statement, the consolidated statement of changes in equity and the 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 of the Company 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 judgment, 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 affairs of the Company and of the Group as at 31 December 2007 and of the Group's loss 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.

Mazars CPA Limited

Certified Public Accountants

Hong Kong

23 April 2008

Fung Shiu Hang

Practising Certificate number: P04793

Consolidated Income Statement

For the year ended 31 December 2007

	Note	2007 HK\$	2006 HK\$
Turnover	4	837,238,944	295,055,810
Other revenue	4	2,656,153	3,367,507
Cost of sales		(928,768,239)	(266,232,745)
Impairment loss on loan receivable		–	(12,500,000)
Unrealised gain (loss) on investments held for trading		40,037,652	(21,601,011)
Unrealised loss on derivative financial instruments		(5,257,813)	–
Realised (loss) gain on disposal of available-for-sale investments		(31,123,307)	25,012,199
Other operating expenses		(11,286,635)	(8,840,660)
Finance costs	6	(2,492,396)	(2,056,841)
(Loss) Profit before taxation	6	(98,995,641)	12,204,259
Taxation	7	–	–
(Loss) Profit for the year and attributable to equity holders	8	(98,995,641)	12,204,259
			<i>(Restated)</i>
(Loss) Earnings per share – Basic	9	(6.51 cents)	5.39 cents

Consolidated Balance Sheet

As at 31 December 2007

	Note	2007 HK\$	2006 HK\$
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	11	1,430,491	1,986,770
Available-for-sale investments	13	280,991,825	36,093,113
		<u>282,422,316</u>	<u>38,079,883</u>
Current assets			
Investments held for trading	14	150,549,641	186,108,664
Other receivables	15	5,220,030	529,529
Bank balances and cash		9,732,245	576,359
		<u>165,501,916</u>	<u>187,214,552</u>
Current liabilities			
Other payables and accruals		865,483	13,033,169
Short-term borrowings, unsecured	16	25,000,000	–
Derivative financial instruments	17	5,257,813	–
		<u>31,123,296</u>	<u>13,033,169</u>
Net current assets		<u>134,378,620</u>	<u>174,181,383</u>
NET ASSETS		<u>416,800,936</u>	<u>212,261,266</u>
Capital and reserves			
Share capital	18	313,159,563	112,229,116
Reserves	19(a)	103,641,373	100,032,150
TOTAL EQUITY		<u>416,800,936</u>	<u>212,261,266</u>

Approved and authorised for issue by the Board of Directors on 23 April 2008.

KITCHELL Osman Bin
Director

CHOI Ka Wing
Director

Balance Sheet

As at 31 December 2007

	Note	2007 HK\$	2006 HK\$
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	11	359,682	202,089
Investments in subsidiaries	12	352,364,321	29,796,224
Available-for-sale investments	13	25,641,500	30,881,560
		378,365,503	60,879,873
Current assets			
Investments held for trading	14	54,797,627	163,337,389
Other receivables	15	4,867,624	529,529
Bank balances and cash		9,570,719	394,529
		69,235,970	164,261,447
Current liabilities			
Other payables and accruals		707,340	13,033,169
Short-term borrowings, unsecured	16	25,000,000	–
Derivative financial instruments	17	5,257,813	–
		30,965,153	13,033,169
Net current assets		38,270,817	151,228,278
NET ASSETS		416,636,320	212,108,151
Capital and reserves			
Share capital	18	313,159,563	112,229,116
Reserves	19(b)	103,476,757	99,879,035
TOTAL EQUITY		416,636,320	212,108,151

Approved and authorised for issue by the Board of Directors on 23 April 2008.

KITCHELL Osman Bin
Director

CHOI Ka Wing
Director

Consolidated Cash Flow Statement

For the year ended 31 December 2007

	Note	2007 HK\$	2006 HK\$
OPERATING ACTIVITIES			
Cash used in operations	23	(40,692,119)	(73,397,018)
Interest paid		(2,427,669)	(2,434,923)
Net cash used in operating activities		(43,119,788)	(75,831,941)
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(339,678)	(2,925,703)
Acquisition of available-for-sale investments		(609,842,771)	(5,058,299)
Proceeds from disposal of available-for-sale investments		209,673,371	38,767,000
Dividends received		1,780,168	3,058,244
Interest received		695,548	165,868
Net cash (used in) from investing activities		(398,033,362)	34,007,110
FINANCING ACTIVITIES			
Proceeds from rights issue		119,499,116	–
Proceeds from placements of shares		254,185,778	64,000,000
Proceeds from shares issued under share option scheme		58,388,888	–
Share issue expenses		(6,774,746)	(1,659,870)
Proceeds from disposal of subsidiary		10,000	–
New short-term borrowings		195,000,000	60,000,000
Repayment of short-term borrowings		(170,000,000)	(80,000,000)
Net cash from financing activities		450,309,036	42,340,130
Net increase in cash and cash equivalents		9,155,886	515,299
Cash and cash equivalents at beginning of year		576,359	61,060
Cash and cash equivalents at balance sheet date, represented by bank balances and cash		9,732,245	576,359

Consolidated Statement of Changes in Equity

For the year ended 31 December 2007

	2007	2006
	HK\$	HK\$
Total equity at 1 January	212,261,266	136,408,333
(Expense) Income recognised directly in equity:		
Change in fair value of		
available-for-sale investments	(155,270,649)	26,320,743
Transfer to income statement on disposal of		
available-for-sale investments	31,123,307	(25,012,199)
	(124,147,342)	1,308,544
Recognised income and expense:		
(Loss) Profit for the year	(98,995,641)	12,204,259
Placements of shares	254,185,778	64,000,000
Issue of shares under share option scheme	58,388,888	–
Issue of shares under rights issue	119,499,116	–
Share issue expenses	(6,774,746)	(1,659,870)
Equity-settled share-based payment	2,383,617	–
Total equity at 31 December	416,800,936	212,261,266

Notes to the Financial Statements

For the year ended 31 December 2007

1. GENERAL INFORMATION

Unity Investments Holdings Limited was 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 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 2006 financial statements except for the adoption of the following new/revised HKFRS that are effective from the current year. A summary of the principal accounting policies adopted by the Company is set out below.

Adoption of new/revised HKFRS

HKAS 1 (Amendment): Capital disclosures

The amendment requires financial statements to provide additional disclosures in relation to the Group’s objectives, policies and processes for managing capital. These new disclosures are shown in note 27 to the financial statements.

Notes to the Financial Statements

For the year ended 31 December 2007

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Adoption of new/revised HKFRS (Continued)

HKFRS 7: Financial instruments: Disclosures

HKFRS 7 superseded HKAS 30 *Disclosures in the financial statements of banks and similar financial institution* and incorporated all the disclosure requirements previously in HKAS 32, while the presentation requirements in HKAS 32 remain unchanged. HKFRS 7 requires financial statements to disclose information for the purpose of evaluating the significance of the Group's financial instruments, the nature and risks arising from those financial instruments to which the Group is exposed to and how the Group manages them. The new disclosures are included throughout the financial statements.

HK(IFRIC)-Int 8: Scope of HKFRS 2

This interpretation clarifies the presumption under HKFRS 2 that for transactions in which share-based payments are made to parties other than employees, the fair value of goods or services can be measured reliably even the entity cannot specifically identify some or all of the goods or services received. During the year, the Group had issued equity instruments to parties other than employees ("qualified allottees") in accordance with share option schemes. The interpretation had been adopted and the fair value had been measured and accounted for in the financial statements.

Basis of measurement

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

Notes to the Financial Statements

For the year ended 31 December 2007

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries as at 31 December each year. The financial statements of the subsidiaries are prepared for the same reporting year as the Company using consistent accounting policies.

All intra-group balance, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceased.

Subsidiaries

A subsidiary is an entity in which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's balance sheet, investments in subsidiaries are stated at cost less impairment loss. The carrying amount of the investments is reduced to its recoverable amount on an individual basis. The 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. 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%.

Notes to the Financial Statements

For the year ended 31 December 2007

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

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 or financial liabilities at fair value through profit or loss

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

Financial assets are classified as held for trading if they are (i) acquired principally for the purpose of selling in the near future; (ii) part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or (iii) derivatives that are not designated and effective hedging instruments.

Financial assets or financial liabilities are designated at initial recognition as at fair value through profit or loss if (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on a different basis; or (ii) they are part of a group of financial assets and/or financial liabilities that are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) they contain embedded derivatives that would need to be separately recorded.

Notes to the Financial Statements

For the year ended 31 December 2007

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

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.

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. Such impairment loss is reversed in subsequent periods through income statement when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Notes to the Financial Statements

For the year ended 31 December 2007

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Impairment of financial assets (Continued)

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, unsecured short-term borrowings and derivative financial instruments. 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.

Cash equivalents

For the purpose of 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.

Notes to the Financial Statements

For the year ended 31 December 2007

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

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.

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 with 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 system, the Group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format for the purposes of these financial statements.

Notes to the Financial Statements

For the year ended 31 December 2007

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Segment reporting (Continued)

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. For example, segment assets may include inventories, trade receivables and property, plant and equipment. Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process. Inter-segment pricing are principally on a cost plus basis.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

Unallocated items mainly comprise interest-bearing borrowings, corporate and financing expenses.

Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in the currency of Hong Kong dollars, which is the Company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Notes to the Financial Statements

For the year ended 31 December 2007

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Foreign currency translation (Continued)

The results and financial position of all the Group entities that have a functional currency different from the presentation currency ("foreign operations") are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet date;
- Income and expenses for each income statement are translated at average exchange rate;
- All resulting exchange differences arising from the above translation and exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation are recognised as a separate component of equity and recognised in consolidated income statement on disposal of foreign operations.

Impairment loss of non-financial assets

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

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.

Notes to the Financial Statements

For the year ended 31 December 2007

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.

Employee benefits

Defined contribution plans

The obligations for contributions to defined contribution retirement scheme are recognised as an expense in the income statement as incurred and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. The assets of the scheme are held separately from those of the Group in an independent administered fund.

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.

Notes to the Financial Statements

For the year ended 31 December 2007

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

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.

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);

Notes to the Financial Statements

For the year ended 31 December 2007

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Related parties (Continued)

- (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.

Critical accounting estimates and judgements

Impairment of available-for-sale investments

For available-for-sale investments, a significant or prolonged decline in fair value below cost is considered to be objective evidence of impairment. Judgement is required when determining whether a decline in fair value has been significant or prolonged. In making this judgement, the historical data on market volatility as well as the price of the specific investment are taken into account. The Group also takes into account financial information regarding the issuers/investees.

3. FUTURE CHANGES IN HKFRS

At the date of authorisation of these financial statements, the HKICPA has issued a number of new/revised HKFRS that are not yet effective for the current year, which the Group has not early adopted. The directors anticipate that the adoption of these new/revised HKFRS in the future periods will have no material impact on the result of the Group.

		Effective for annual periods beginning on or after
HK(IFRIC) – Int 11	HKFRS 2 – Group and treasury share transactions	1 March 2007
HKFRS 8	Operating segments	1 January 2009
HKAS 1 (Revised December 2007)	Presentation of Financial Statements	1 January 2009

Notes to the Financial Statements

For the year ended 31 December 2007

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:

	2007	2006
	HK\$	HK\$
Turnover		
Proceeds from sale of investments held for trading	<u>837,238,944</u>	<u>295,055,810</u>
Other revenue		
Other income	180,437	3,000
Interest income	695,548	306,263
Dividend income – listed investments	<u>1,780,168</u>	<u>3,058,244</u>
	<u>2,656,153</u>	<u>3,367,507</u>
Total revenue	<u><u>839,895,097</u></u>	<u><u>298,423,317</u></u>

Notes to the Financial Statements

For the year ended 31 December 2007

5. SEGMENT INFORMATION

The Group has determined not to present further business segment information as the Group's turnover, contribution to operating loss (2006: operating profit), 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.

	2007				Total
	Hong Kong	Taiwan	United States	Others	
	HK\$	HK\$	HK\$	HK\$	HK\$
Segment revenue	787,660,284	171	50,495,726	1,738,916	839,895,097
Segment assets	368,870,541	17,204,265	33,978,097	27,871,329	447,924,232
Capital expenditure	339,678	–	–	–	339,678

	2006				Total
	Hong Kong	Taiwan	United States	Others	
	HK\$	HK\$	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

Notes to the Financial Statements

For the year ended 31 December 2007

6. (LOSS) PROFIT BEFORE TAXATION

	2007	2006
	HK\$	HK\$
This is stated after charging:		
Finance costs		
Other borrowings wholly repayable within five years	2,492,396	2,056,841
Staff costs		
Employee benefits expense, excluding directors' remuneration	545,204	620,632
Contributions to defined contribution plans	18,720	24,935
	563,924	645,567
Other items		
Auditors' remuneration		
– understatement in last year	30,000	8,000
– current year	370,000	320,000
Depreciation	895,957	568,240
Exchange loss	131,615	316,520
Impairment loss on deposit paid for the acquisition of equity interest in an investee company	–	1,500,000
Loss on disposal of property, plant and equipment	–	426,256
Operating leases in respect of:		
– land and buildings	309,600	171,995
– hire of machinery	58,744	48,569
Equity-settled share-based payment	2,383,617	–

Notes to the Financial Statements

For the year ended 31 December 2007

7. TAXATION

Hong Kong Profits Tax has not been provided in the financial statements as companies within the Group incurred a loss for the year. No provision was made for the year of 2006 as the Group either incurred a loss or their estimated assessable profits for the year of 2006 were wholly absorbed by unrelieved tax losses brought forward from previous years.

Reconciliation of tax expense

	2007 HK\$	2006 HK\$
(Loss) Profit before taxation	(98,995,641)	12,204,259
Income tax at applicable tax rate of 17.5% (2006: 17.5%)	(17,324,238)	2,135,746
Tax exempt revenue	(1,351,940)	(535,243)
Non-deductible expenses	1,930,492	4,146,633
Utilisation of previously unrecognised tax losses	–	(5,734,394)
Unrecognised tax losses	16,733,573	–
Unrecognised temporary difference	12,113	(12,742)
	–	–

8. (LOSS) PROFIT ATTRIBUTABLE TO EQUITY HOLDERS

The (loss) profit attributable to equity holders dealt with in the financial statements of the Company is HK\$137,726,609 (2006: profit of HK\$12,204,332).

9. (LOSS) EARNINGS PER SHARE

The calculation of basic loss (2006: earnings) per share is based on the Group's loss (2006: profit) attributable to the equity holders of HK\$98,995,641 (2006: profit of HK\$12,204,259) and the weighted average number of 1,521,380,506 (2006 as restated: 226,603,782) ordinary shares in issue during the year.

Notes to the Financial Statements

For the year ended 31 December 2007

9. (LOSS) EARNINGS PER SHARE (Continued)

The comparative amount of the basic earnings per share for 2006 has been adjusted to reflect the impact of the share consolidation and the rights issue effected during the year.

No diluted loss per share is presented for the year of 2007 as conversion of the Company's share options, which are fully exercised during the year, has an anti-dilutive effect. No diluted earnings per share were presented for the year of 2006 as there were no potential ordinary shares in issue.

10. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

Directors' emoluments of the Group are as follows:

	2007				Total HK\$
	Directors' fees HK\$	Salaries, allowances and benefits in kind HK\$	Retirement scheme contributions HK\$	Share-based payment HK\$	
Executive directors					
Kitchell Osman Bin	–	545,000	11,625	35,090	591,715
Chung Wilson	–	564,000	12,000	35,090	611,090
Choi Ka Wing	–	378,000	11,400	35,090	424,490
Non-executive director					
Wong Man Hon, Frederick	–	–	–	–	–
Independent non-executive directors					
Chung Kong Fei, Stephen	60,000	–	–	–	60,000
Chen Henri Wei Hwa	110,000	–	–	–	110,000
Tsang Wing Ki	90,000	–	–	–	90,000
Swartz Kristi Lynn	20,000	–	–	–	20,000
	<u>280,000</u>	<u>1,487,000</u>	<u>35,025</u>	<u>105,270</u>	<u>1,907,295</u>

Notes to the Financial Statements

For the year ended 31 December 2007

10. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(Continued)

(a) Directors' emoluments (Continued)

	2006				Total HK\$
	Directors' fees HK\$	Salaries, allowances and benefits in kind HK\$	Retirement scheme contributions HK\$	Share-based payment 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	–	–	–	–	–
Non-executive director					
Wong Man Hon, Frederick	–	–	–	–	–
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
	<u>181,000</u>	<u>882,841</u>	<u>24,565</u>	<u>–</u>	<u>1,088,406</u>

Note: All executive directors are the key management personnel, also as the related parties, of the Company.

Notes to the Financial Statements

For the year ended 31 December 2007

10. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(Continued)

(b) Individuals with highest emoluments

Of the five individuals with highest emoluments of the Group, four (2006: two) are directors whose emoluments are disclosed in note 10(a). The aggregate of the emoluments in respect of the other one (2006: three) individual is as follows:

	2007	2006
	HK\$	HK\$
Salaries and other emoluments	390,000	512,951
Retirement scheme contributions	12,000	19,470
	402,000	532,421

Their emoluments were within the following band:

	Number of employee	
	2007	2006
HK\$Nil to HK\$1,000,000	1	3

(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. During the year, 3,300,000 share options were granted to the directors, which were properly disclosed in more details in note 20(a). No share options were issued to the directors under the Scheme in 2006.

Notes to the Financial Statements

For the year ended 31 December 2007

11. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold improvements	Office equipment	Furniture and fixtures	Motor vehicle	Total
	HK\$	HK\$	HK\$	HK\$	HK\$
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	<u>–</u>	<u>73,350</u>	<u>128,739</u>	<u>1,784,681</u>	<u>1,986,770</u>
Reconciliation of carrying amount – year ended 31 December 2007					
At beginning of year	–	73,350	128,739	1,784,681	1,986,770
Additions	250,720	46,778	42,180	–	339,678
Depreciation	(73,701)	(39,836)	(68,548)	(713,872)	(895,957)
At balance sheet date	<u>177,019</u>	<u>80,292</u>	<u>102,371</u>	<u>1,070,809</u>	<u>1,430,491</u>
At 1 January 2007					
Cost	–	267,149	282,698	2,141,617	2,691,464
Accumulated depreciation	–	(193,799)	(153,959)	(356,936)	(704,694)
	<u>–</u>	<u>73,350</u>	<u>128,739</u>	<u>1,784,681</u>	<u>1,986,770</u>
At 31 December 2007					
Cost	250,720	313,927	324,878	2,141,617	3,031,142
Accumulated depreciation	(73,701)	(233,635)	(222,507)	(1,070,808)	(1,600,651)
	<u>177,019</u>	<u>80,292</u>	<u>102,371</u>	<u>1,070,809</u>	<u>1,430,491</u>

Notes to the Financial Statements

For the year ended 31 December 2007

11. PROPERTY, PLANT AND EQUIPMENT (Continued)

Company	Leasehold improvements HK\$	Office equipment HK\$	Furniture and fixtures HK\$	Total HK\$
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)
	<u>–</u>	<u>73,350</u>	<u>128,739</u>	<u>202,089</u>
Reconciliation of carrying amount – year ended 31 December 2007				
At beginning of year	–	73,350	128,739	202,089
Additions	250,720	46,778	42,180	339,678
Depreciation	(73,701)	(39,836)	(68,548)	(182,085)
	<u>177,019</u>	<u>80,292</u>	<u>102,371</u>	<u>359,682</u>
At 1 January 2007				
Cost	–	267,149	282,698	549,847
Accumulated depreciation	–	(193,799)	(153,959)	(347,758)
	<u>–</u>	<u>73,350</u>	<u>128,739</u>	<u>202,089</u>
At 31 December 2007				
Cost	250,720	313,927	324,878	889,525
Accumulated depreciation	(73,701)	(233,635)	(222,507)	(529,843)
	<u>177,019</u>	<u>80,292</u>	<u>102,371</u>	<u>359,682</u>

Notes to the Financial Statements

For the year ended 31 December 2007

12. INVESTMENTS IN SUBSIDIARIES

	Company	
	2007	2006
	HK\$	HK\$
Unlisted shares, at cost		
At 1 January	25	79
Addition	17	24
Disposal	(1)	–
Write-off	–	(78)
	<hr/>	<hr/>
At 31 December	41	25
Due from subsidiaries	421,509,113	85,685,464
Provision for doubtful debts	(69,144,833)	(55,889,265)
	<hr/>	<hr/>
	352,364,280	29,796,199
	<hr/>	<hr/>
Total	<u>352,364,321</u>	<u>29,796,224</u>

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

Notes to the Financial Statements

For the year ended 31 December 2007

12. INVESTMENTS IN SUBSIDIARIES (Continued)

The following is a list of the details of the subsidiaries held by the Company at 31 December 2007:

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%	–
Gedaulia Investments Limited	The British Virgin Islands, limited liability company	Dormant	1 ordinary share of US\$1 each	100%	–
Great Panorama International Limited	The British Virgin Islands, limited liability company	Investment holding	1 ordinary share of US\$1 each	–	100%
Gufalore Investments 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%	–
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%	–
Visionary Limited	The Cayman Islands, limited liability company	Dormant	1 ordinary share of US\$1 each	–	100%

Notes to the Financial Statements

For the year ended 31 December 2007

13. AVAILABLE-FOR-SALE INVESTMENTS

	Group		Company	
	2007 HK\$	2006 HK\$	2007 HK\$	2006 HK\$
Equity investment				
Listed in Hong Kong	275,764,113	30,881,560	25,641,500	30,881,560
Listed overseas	5,227,712	5,211,514	–	–
	280,991,825	36,093,074	25,641,500	30,881,560
Unlisted in Hong Kong	23,000,000	23,000,039	–	–
Impairment loss	(23,000,000)	(23,000,000)	–	–
	–	39	–	–
Total	280,991,825	36,093,113	25,641,500	30,881,560

As at 31 December 2007, the carrying amount of the Group's shareholding in the following Hong Kong listed company exceeded 10% of the total assets of the Group.

Name	Place of incorporation	Principal activities	Particulars of issued share capital	Interest held
Mascotte Holdings Ltd.	Bermuda	Manufacture and sale of accessories for photographic, electrical and multimedia products, and property holding	Ordinary share of HK\$0.1 each	5.57%
Poly Investments Holdings Ltd.	Hong Kong	Power generation, trading of goods, provision of finance, property investment and management and brokerage and securities investments	Ordinary share of HK\$0.1 each	3.05%

Notes to the Financial Statements

For the year ended 31 December 2007

14. INVESTMENTS HELD FOR TRADING

	Group		Company	
	2007 HK\$	2006 HK\$	2007 HK\$	2006 HK\$
Equity investment				
– listed in Hong Kong	81,221,325	133,362,389	2,513,700	133,362,389
– listed overseas	69,328,316	41,746,275	52,283,927	18,975,000
	150,549,641	175,108,664	54,797,627	152,337,389
Debt investment, unlisted	–	11,000,000	–	11,000,000
	150,549,641	186,108,664	54,797,627	163,337,389

As at 31 December 2007, the carrying amount of the Group's shareholding in the following Hong Kong listed company exceeded 10% of the total assets of the Group.

Name	Place of incorporation	Principal activities	Particulars of issued share capital	Interest held
Wonson International Holdings Ltd.	Bermuda	Metal trading, sales of communication products and investments in securities	Ordinary share of HK\$0.001 each	2.12%

Notes to the Financial Statements

For the year ended 31 December 2007

14. INVESTMENTS HELD FOR TRADING (Continued)

As at 31 December 2007, 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 NTD10 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 Universal had an option to purchase certain of these investments subject to certain conditions. However, the option had not been exercised during the 5 day's exercisable period and lapsed in January 2008.

Notes to the Financial Statements

For the year ended 31 December 2007

15. OTHER RECEIVABLES

	Group		Company	
	2007	2006	2007	2006
	HK\$	HK\$	HK\$	HK\$
Deposits and prepayments	530,426	529,529	529,837	529,529
Other receivables	4,689,604	–	4,337,787	–
	5,220,030	529,529	4,867,624	529,529

16. SHORT-TERM BORROWINGS, UNSECURED

The amounts represented the loans from third parties and were unsecured, interest bearing at prime rate and repayable within one year.

17. DERIVATIVE FINANCIAL INSTRUMENTS

	Group		Company	
	2007	2006	2007	2006
	HK\$	HK\$	HK\$	HK\$
Forward contracts:				
Listed equity investments	5,173,359	–	5,173,359	–
Foreign currencies	84,454	–	84,454	–
	5,257,813	–	5,257,813	–

Note: The fair value of derivative financial instruments is measured by reference to open market value at the balance sheet date provided by a securities broker.

Notes to the Financial Statements

For the year ended 31 December 2007

18. SHARE CAPITAL

	<i>Note</i>	Number of ordinary shares of HK\$0.1 each	Number of ordinary shares of HK\$0.01 each	Nominal value HK\$
Authorised:				
At 31 December 2006 and 1 January 2007		5,000,000,000	–	500,000,000
Increase by the creation of additional 15,000,000,000 shares of HK\$0.1 each	(vi)	15,000,000,000	–	1,500,000,000
At 31 December 2007		20,000,000,000	–	2,000,000,000
Issued and fully paid:				
At 1 January 2006		727,291,163	–	72,729,116
Issuance of shares		395,000,000	–	39,500,000
At 31 December 2006 and 1 January 2007		1,122,291,163	–	112,229,116
Capital reduction	(i)(a)	(1,122,291,163)	1,122,291,163	(101,006,204)
Share consolidation	(i)(b)	112,229,116	(1,122,291,163)	–
Issuance of shares under share option scheme	(ii),(v)&(ix)	309,592,833	–	30,959,283
Rights issue	(iii)	1,194,991,160	–	119,499,116
Placements of shares	(iv),(vii),(viii)&(x)	1,514,782,520	–	151,478,252
At balance sheet date		3,131,595,629	–	313,159,563

Notes to the Financial Statements

For the year ended 31 December 2007

18. SHARE CAPITAL (Continued)

Note:

- (i) At the extraordinary general meeting of the Company held on 17 November 2006, the resolutions in respect of the capital reorganisation, including capital reduction, adjustment of nominal value of the issued shares and share consolidation, were approved by the shareholders. The capital reorganisation 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") and the effects of the capital reorganisation were 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 share was 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 Shares");
 - (b) every 10 issued Reduced Shares of HK\$0.01 each were consolidated into one consolidated share of HK\$0.1. As a result, the adjusted share capital of the Company became 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 capital reduction referred to in note (i)(a) 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 elimination against the accumulated losses of the Company. During the year, contributed surplus of HK\$11,421,407 had been applied to set off against accumulated loss pursuant to the capital reorganisation.
- (ii) On 15 February 2007, 7,270,000 share options were granted to the directors and qualified allottees under the share option scheme at an exercise price of HK\$0.53 per ordinary share of HK\$0.1 each. These share options were fully exercised on 2 March 2007.
- (iii) At the extraordinary general meeting held on 19 April 2007, a resolution was passed for the issue of 1,194,991,160 Rights Shares of HK\$0.1 each to qualifying shareholders on the basis of ten Rights Shares for every share held on 19 April 2007. The rights shares were issued on 17 May 2007.
- (iv) On 4 June 2007, the Company entered into a placing agreement with a placing agent to place 262,898,055 ordinary shares to independent investors at HK\$0.269 per share. The placing was completed on 12 June 2007.

Notes to the Financial Statements

For the year ended 31 December 2007

18. SHARE CAPITAL (Continued)

- (v) On 31 May 2007, 131,440,000 share options were granted to qualified allotees under the share option scheme at an exercise price of HK\$0.255 per ordinary share of HK\$0.1 each. These share options were fully exercised on 20 June 2007.
- (vi) Pursuant to an ordinary resolution passed on 11 July 2007, the authorised share capital of the Company was increased from HK\$500,000,000 divided into 5,000,000,000 ordinary shares to HK\$2,000,000,000 divided into 20,000,000,000 ordinary shares by the creation of additional 15,000,000,000 unissued ordinary shares of HK\$0.10 each.
- (vii) On 12 July 2007, the Company entered into a placing agreement with a placing agent, Chung Nam Securities Limited, for the issue of 341,765,666 ordinary shares of the Company of HK\$0.1 each at the placing price of HK\$0.2 per share to independent investors. The placing was completed on 25 July 2007.
- (viii) On 18 July 2007, a subscription agreement was entered into with Ms. LO Ki Yan, Karen for the subscription of 500,000,000 ordinary shares at HK\$0.192 per share. Supplemental agreement was signed on 20 August 2007 for the revision of the subscription price from HK\$0.192 per share to HK\$0.14 per share. The subscription was approved by the shareholders of the Company at extraordinary general meeting held on 14 September 2007 and was completed on 17 September 2007.
- (ix) On 31 October 2007, 170,882,833 share options were granted to qualified allotees under the share option scheme at an exercise price of HK\$0.123 per ordinary share of HK\$0.1 each. These share options had been fully exercised on 1 November 2007.
- (x) On 29 October 2007, a subscription agreement was entered into with Pearl Decade Limited for the subscription of 410,118,799 ordinary shares at HK\$0.11 per share. The subscription was completed on 7 November 2007.

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

Notes to the Financial Statements

For the year ended 31 December 2007

19. RESERVES

(a) Group

	2007					Total HK\$
	Share premium HK\$	Investment revaluation reserve HK\$	Share option reserve HK\$	Contributed surplus HK\$	Accumulated losses HK\$	
At beginning of year	112,631,753	14,941,732	-	-	(27,541,335)	100,032,150
Creation of contributed surplus pursuant to the capital reorganisation	-	-	-	101,006,204	-	101,006,204
Contributed surplus set off against accumulated loss pursuant to the capital reorganisation	-	-	-	(11,421,407)	11,421,407	-
Equity-settled share-based payment	-	-	2,383,617	-	-	2,383,617
Issue of share under share option	27,429,605	-	-	-	-	27,429,605
Transfer to share premium on exercise of share option	2,383,617	-	(2,383,617)	-	-	-
Issues of shares	102,707,526	-	-	-	-	102,707,526
Share issue expenses	(6,774,746)	-	-	-	-	(6,774,746)
Change in fair value of available-for-sale investments	-	(155,270,649)	-	-	-	(155,270,649)
Transfer to profit or loss upon disposal of available-for-sale investments	-	31,123,307	-	-	-	31,123,307
Loss for the year	-	-	-	-	(98,995,641)	(98,995,641)
At balance sheet date	238,377,755	(109,205,610)	-	89,584,797	(115,115,569)	103,641,373

Notes to the Financial Statements

For the year ended 31 December 2007

19. RESERVES (Continued)

(a) Group (Continued)

	2006					Total HK\$
	Share premium	Investment revaluation reserve	Share option reserve	Contributed surplus	Accumulated losses	
	HK\$	HK\$	HK\$	HK\$	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	<u>112,631,753</u>	<u>14,941,732</u>	<u>–</u>	<u>–</u>	<u>(27,541,335)</u>	<u>100,032,150</u>

Notes to the Financial Statements

For the year ended 31 December 2007

19. RESERVES (Continued)

(b) Company

	2007					Total HK\$
	Share premium HK\$	Investment revaluation reserve HK\$	Share option reserve HK\$	Contributed surplus HK\$	Accumulated losses HK\$	
At beginning of year	112,631,753	14,788,518	-	-	(27,541,236)	99,879,035
Creation of contributed surplus pursuant to the capital reorganisation	-	-	-	101,006,204	-	101,006,204
Contributed surplus set off against accumulated loss pursuant to the capital reorganisation	-	-	-	(11,421,407)	11,421,407	-
Equity-settled share-based payment	-	-	2,383,617	-	-	2,383,617
Issue of share under share option	27,429,605	-	-	-	-	27,429,605
Transfer to share premium on exercise of share option	2,383,617	-	(2,383,617)	-	-	-
Issues of shares	102,707,526	-	-	-	-	102,707,526
Share issue expenses	(6,774,746)	-	-	-	-	(6,774,746)
Change in fair value of available-for-sale investments	-	(22,423,479)	-	-	-	(22,423,479)
Transfer to profit or loss on disposal of available-for-sale investments	-	(63,004,396)	-	-	-	(63,004,396)
Loss for the year	-	-	-	-	(137,726,609)	(137,726,609)
At balance sheet date	238,377,755	(70,639,357)	-	89,584,797	(153,846,438)	103,476,757

Notes to the Financial Statements

For the year ended 31 December 2007

19. RESERVES (Continued)

(b) Company (Continued)

	2006					Total HK\$
	Share premium	Investment revaluation reserve	Share option reserve	Contributed surplus	Accumulated losses	
	HK\$	HK\$	HK\$	HK\$	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	<u>112,631,753</u>	<u>14,788,518</u>	<u>-</u>	<u>-</u>	<u>(27,541,236)</u>	<u>99,879,035</u>

Under the Companies Law of the Cayman Islands, share premium, share option reserve and contributed surplus of the Company is distributable to the shareholders, which is subject to a solvency test. The Company had a distributable reserve of HK\$103,476,757 as at 31 December 2007 (2006: HK\$85,090,517).

Notes to the Financial Statements

For the year ended 31 December 2007

20. SHARE OPTION SCHEME

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.

(a) Movement in share option scheme during the year ended 31 December 2007:

Name of category of participant	Date of grant	As at 1 January 2007	Granted during the year	Exercised during the year	As at 31 December 2007	Exercise price	Share price	Share price
							at the date of grant	at the date of exercise
						HK\$	(note i) HK\$	(note ii) HK\$
Directors in aggregate	15 February 2007	-	3,300,000	(3,300,000)	-	0.530	0.510	0.500
Other in aggregate	15 February 2007	-	3,970,000	(3,970,000)	-	0.530	0.510	0.500
	31 May 2007	-	131,440,000	(131,440,000)	-	0.255	0.233	0.275
	31 October 2007	-	170,882,833	(170,882,833)	-	0.123	0.124	0.113
		-	309,592,833	(309,592,833)	-			

Notes:

- (i) The share price at the date of grant is the Stock Exchange closing price on the trading day immediately prior to the date of the grant of the options.
- (ii) The share price at the date of exercise is the weighted average closing price of the shares immediately before the dates on which the options were exercised.

Notes to the Financial Statements

For the year ended 31 December 2007

20. SHARE OPTION SCHEME (Continued)

(b) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a Black-Scholes model. The inputs into the model were as follows:

	2007	2006
<i>Fair value of share options and assumptions</i>		
Fair value at measurement date		
Average share price	HK\$0.123 – HK\$0.526	–
Exercise price	HK\$0.123 – HK\$0.53	–
Expected volatility	81.03% – 127.49%	–
Expected option life	1 – 20 days	–
Risk-free interest rate	0.05% – 2.5%	–

The expected volatility is based on the historic volatility of share prices of the Company. Changes in the subjective input assumptions could materially affect the fair value estimate.

Notes to the Financial Statements

For the year ended 31 December 2007

21. PLEDGE OF ASSETS

As at 31 December 2007, margin facilities from several securities brokers were granted to the Group which were secured by the Group's available-for-sale investments and investments held for trading. As at 31 December 2007, a total amount of HK\$131,142 (2006: HK\$12,202,326) 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\$265,520,798 (2006: HK\$163,844,749).

22. DEFERRED TAXATION

Deferred taxation is calculated in full on temporary differences under the liability method using a principal taxation rate of 17.5% (2006: 17.5%).

Unrecognised deferred tax assets arising from

	2007	2006
	HK\$	HK\$
Deductible temporary difference	158,126	88,907
Tax losses	118,242,451	22,622,037
At the balance sheet date	<u>118,400,577</u>	<u>22,710,944</u>

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.

Notes to the Financial Statements

For the year ended 31 December 2007

23. CASH USED IN OPERATIONS

	2007	2006
	HK\$	HK\$
(Loss) Profit before taxation	(98,995,641)	12,204,259
Depreciation	895,957	568,240
Loss on disposals of property, plant and equipment	–	426,256
Unrealised (gain) loss on investments held for trading	(40,037,652)	21,601,011
Unrealised loss on derivative financial instruments	5,257,813	–
Loss (Gain) on disposal of available-for-sale investments	31,123,307	(25,012,199)
Impairment loss on deposit paid for acquisition of an investee company	–	1,500,000
Equity-settled share-based payment	2,383,617	–
Interest income	(695,548)	(306,263)
Interest expenses	2,492,396	2,056,841
Dividend income	(1,780,168)	(3,058,244)
Gain on disposal of a subsidiary	(9,961)	–
Change in fair value of loan receivable	–	12,500,000
Change in working capital:		
Investments held for trading	75,596,675	(93,553,963)
Other receivables	(4,690,501)	2,392,701
Other payables and accruals	(12,232,413)	(4,715,657)
Cash used in operations	(40,692,119)	(73,397,018)

24. 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:

	2007	2006
	HK\$	HK\$
Within one year	260,832	351,756
In the second to fifth years inclusive	89,610	396,966
	350,442	748,722

Notes to the Financial Statements

For the year ended 31 December 2007

25. CONTINGENT LIABILITIES

At the balance sheet date, the Company had contingent liabilities not provided for in the financial statements in respect of corporate guarantees for securities trading account maintained by one of its subsidiaries with a broker. At the balance sheet date, the securities trading accounts maintained by the subsidiary with the broker is zero.

26. CONNECTED PARTY TRANSACTIONS

Other than disclosed elsewhere in the financial statements, the following connected party transaction was transacted by the Group during the year:

Relationship with the Group	Nature of transaction	2007 HK\$	2006 HK\$
The Company's investment manager (2006: and under common directorship) (Note i)	Investment management fee paid (Note ii)	840,000	600,000

Notes:

- (i) Dr. Pang Shuen Wai, Nichols, was a director of CU Investment Management Limited ("CUIM") until 30 June 2006 and 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 on 15 December 2005, which was renewed on 15 December 2006 under the same terms to cover up the period up to 31 December 2007, except for CUIM was entitled to receive a monthly management fee payable in advance in a flat rate of HK\$70,000 (2006: HK\$50,000).

Notes to the Financial Statements

For the year ended 31 December 2007

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include equity investments, other receivables, other payables, derivative financial liabilities and short-term 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

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's unsecured short-term borrowings and utilisation of margin facilities of securities brokers.

At reporting date, if interest rates had been 200 basis point higher/lower and all other variables were held constant, the Group's net loss would increase/decrease by approximately HK\$107,000 (2006: HK\$21,000).

Foreign currency risk

As a result of most of overseas investments denominated in United States Dollars ("USD"), Singapore Dollars ("SGD"), and New Taiwan Dollars ("NTD"), the Group is exposed to the movement in the HKD/USD, HKD/SGD and HKD/NTD exchange rates.

At 31 December 2007, if these currencies had strengthened/weakened by 5% against HKD with all other variables kept constants, the Group's net loss for the year would have been approximately HK\$2,077,000 (2006: HK\$2,087,000) lower/higher, mainly as a result of foreign exchange gains/losses on translation of those overseas investments denominated in different currencies.

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the balance sheet date and had been applied to Group's exposure to currency risk for all financial instruments in existence at that date, and that all other variables remain constant. In this respect, it is assumed that the pegged rate between HKD and USD would be materially unaffected by any changes in movement in value of USD against other currencies. The analysis is performed on the same basis for 2006.

Notes to the Financial Statements

For the year ended 31 December 2007

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

Financial risk factors (Continued)

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of short-term borrowings and utilisation of margin facilities of securities brokers. The Group will keep reviewing its financial needs from time to time to determine the timing of obtain various borrowings or carrying out fund raising activities. The maturity profile of the Group's financial liabilities at the balance sheet date based on contractual undiscounted payments are summarised below:

	2007			Total HK\$
	On demand HK\$	Less than 3 months HK\$	4-12 months HK\$	
Short-term borrowings, unsecured	–	25,000,000	–	25,000,000
Other payables and accruals	865,483	–	–	865,483
Derivatives financial instruments:				
Listed equity investments forward contracts	–	16,929,725	30,526,541	47,456,266
Foreign currencies forward contracts				
– cash outflow	–	66,594	35,858	102,452
– cash inflow	–	(67,819)	(36,518)	(104,337)
	865,483	41,928,500	30,525,881	73,319,864
2006				
	On demand HK\$	Less than 3 months HK\$	4-12 months HK\$	Total HK\$
Other payables and accruals	13,033,169	–	–	13,033,169
	13,033,169	–	–	13,033,169

Notes to the Financial Statements

For the year ended 31 December 2007

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

Financial risk factors (Continued)

Price risk

The Group's available-for-sale investments and investment held for trading are measured at fair value at each balance sheet date. Therefore, the Group is exposed to equity securities (2006: equity and debt securities) price risk. The management manages this exposure by maintaining a portfolio of investments with different profiles both in Hong Kong and overseas. The sensitivity analysis has been determined based on the exposure to equity price risk. At the reporting date, if the fair value of trading securities had been 5% higher/lower while all other variables were held constant, the Group's net loss would decrease/increase by approximately HK\$7,527,000 (2006: HK\$8,755,000).

Whereas, if the fair value of available-for-sale investments had been 5% higher/lower with all other variables remain unchanged, the Group's changes in equity will increase/decrease by approximately HK\$14,050,000 (2006: HK\$1,805,000). The Group's sensitivity to equity price has not changed significantly from the prior year.

Credit risk

The Group's credit risk primarily attributable to other receivables, which mainly represent cash balances maintained with securities brokers. It is the Group's policy to trade only with recognised, creditworthy brokers. The Group has limited credit risk with its brokers, which are leading and reputable and are assessed as having low credit risk. The Group has not had any significant loss arising from non-performance by its brokers in the past and management does not expect so in the future.

Capital management

The objectives of the Group's capital management are to safeguard the entity's ability to continue as a going concern and to provide returns for shareholders. The Group manages its capital structure and makes adjustments, including payment of dividend to shareholders, return capital to shareholders or issue new shares or sell assets to reduce debts. No changes were made in the objectives, policies or processes during the years ended 31 December 2007 and 2006.

Notes to the Financial Statements

For the year ended 31 December 2007

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

Capital management (Continued)

The Group monitors capital on the basis of debt-to-adjusted capital ratio, which is net debt divided by adjusted capital. The Group's policy is to keep the ratio within 10%. The debt-to-adjusted capital ratios at the balance sheet date were as follows:

	2007	2006
	HK\$	HK\$
Short-term borrowings, unsecured	25,000,000	–
Other payables	132,142	12,202,326
Less: Cash balance maintained with a broker	(4,337,787)	–
Less: Bank balances and cash	(9,732,245)	(576,359)
	11,062,110	11,625,967
Total equity	416,800,936	212,261,266
Less: Net unrealised reserves	109,205,610	(14,941,732)
Adjusted capital	526,006,546	197,319,534
Debt-to-adjusted capital ratio	2%	6%

Fair value

In the opinion of the directors, the carrying amounts of financial instruments approximate their fair values, and accordingly no disclosure of the fair value of these items are presented.

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

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

Notes to the Financial Statements

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28. POST BALANCE SHEET EVENTS

(i) Capital reorganisation

At the extraordinary general meeting of the Company held on 30 January 2008, the resolutions in respect of the capital reorganisation including reduction of capital, adjustment of nominal value of the issued shares and share consolidation of the Company, were approved by the shareholders. The capital reorganisation is conditional, among other things on the Grant Court of the Cayman Islands sanctioning the capital reorganisation and registration by the company with the Register of the Cayman Islands are as follows:

- (a) The nominal value of all the issued shares be reduced from HK\$0.10 each to HK\$0.01 each ("Reduced Share") by cancelling HK\$0.09 paid-up capital on each issued shares by way of a reduction of capital;
- (b) The application of the credit arising from the reduction to cancel the accumulated losses of the Company (if any) and for the entire amount or the balance (as the case may be) to be transferred to the distributable capital reduction reserve account of the Company; and
- (c) Every ten Reduced Shares of HK\$0.01 each be consolidated into one adjusted share of HK\$0.1 each ("Adjusted Share").

(ii) Rights issue

At the same extraordinary general meeting of the Company held on 30 January 2008, it was further approved by the shareholders that rights issue to be carried out on the basis of five rights shares for every Adjusted Share held by the shareholders at the Record Date at HK\$0.12 per rights share which is expected to become unconditional after 4:00 p.m. on 2 June 2008.

Notes to the Financial Statements

For the year ended 31 December 2007

28. POST BALANCE SHEET EVENTS (Continued)

(iii) Repurchase of shares

On 25 February 2008, the Company repurchased its own shares through The Stock Exchange of Hong Kong Limited as follows:

Trading Date	Number of Share Repurchased	Price per share		Aggregate consideration paid HK\$
		Highest	Lowest	
25 February 2008	9	0.048	0.048	0.430

The above shares were cancelled on 28 February 2008.

(iv) Short-term borrowings, unsecured

On 17 January 2008, two unsecured short-term borrowings from two unrelated companies amounting to HK\$38 million at prime rate were obtained for daily operating and investment purposes of the Group and had been fully repaid on 3 April 2008.

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 Thursday, 12 June 2008 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 2007.
2. To re-elect retiring directors and to authorise the board of directors to fix the remuneration of the directors.
3. To re-appoint Mazar CPA Limited as auditors of the Group and authorise the board of 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. **“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 in the Capital 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;

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- (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
 - 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; and
 - iii. the passing of an ordinary resolution of the Company in the general meeting revoking or varying of the authority set out in this resolution;

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“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).”

5. **“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 for this purpose, subject to and in accordance with all applicable laws and/or the requirements of the Stock Exchange or any other stock exchange as amended from time to time and the Articles of Association of the Company, be and is hereby generally and unconditional 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 as at the date of the passing of this resolution, and the said approval shall be limited accordingly; and

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(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; and
- iii. the passing of an ordinary resolution of the Company in the general meeting revoking and varying the authority set out in this resolution.”

6. **“THAT** conditional upon the passing of Resolutions numbered 4 and 5 set out in the notice of the annual general meeting at which this resolution is considered, the general mandate granted to the Directors and for the time being in force to exercise the powers of the Company to allot, issue or otherwise deal with additional securities of the Company pursuant to Resolution numbered 4 as set out in the notice convening the meeting of which this resolution forms part be and is hereby extended by the addition to the aggregate nominal amount of the share capital of the Company, which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to such general mandate of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to the Resolution numbered 5, provided that the amount of share capital repurchased by the Company shall not exceed 10% of aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this resolution.”

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7. **“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

Unity Investments Holdings Limited

合一投資控股有限公司

KITCHELL Osman Bin

Executive Director

Hong Kong, 30 April 2008

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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, Tricor 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.

Five Year Financial Summary

	2007 HK\$	2006 HK\$	2005 HK\$	2004 HK\$	2003 HK\$
Results					
Turnover	837,238,944	295,055,810	162,620,520	125,003,049	15,525,940
(Loss) Profit for the year	(98,995,641)	12,204,259	(44,513,118)	(16,810,024)	(25,433,132)
Taxation	-	-	-	-	-
(Loss) Profit attributable to equity holders	(98,995,641)	12,204,259	(44,513,118)	(16,810,024)	(25,433,132)
Assets and liabilities					
Total assets	447,924,232	225,294,435	174,535,241	111,659,357	112,930,251
Total liabilities	(31,123,296)	(13,033,169)	(38,126,908)	(4,744,883)	(15,152,654)
Total equity	416,800,936	212,261,266	136,408,333	106,914,474	97,777,597