UNITED POWER INVESTMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 674)

PRELIMINARY ANNOUNCEMENT OF THE FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2008

FINAL RESULTS

The board of directors of United Power Investment Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2008 with comparative figures for the previous year.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2008

	Notes	2008 HK$	2007 HK$
Continuing Operations			
Turnover	3	**276,016,114**	202,150,157
Cost of sales		**(151,339,908)**	(96,669,711)
Gross profit		**124,676,206**	105,480,446
Other revenue		**16,015,066**	7,895,945
Net operating expenses		**(187,664,968)**	(151,999,844)
Increase in fair value of investment properties		**27,163,329**	—
Excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost		**59,318,750**	—
Finance costs	6	**(517,129)**	(176,119)
Profit/(loss) before taxation		**38,991,254**	(38,799,572)
Taxation	7	**(6,038,558)**	1,055,059
Profit/(loss) for the year from continuing operations		**32,952,696**	(37,744,513)
Discontinued Operations			
Profit for the year from discontinued operations	5	**—**	88,525,876
Profit for the year	4	**32,952,696**	50,781,363
Attributable to:			
Equity holders of the Company		**31,901,584**	57,132,114
Minority interests		**1,051,112**	(6,350,751)
		32,952,696	50,781,363
Dividends	8	**Nil**	NIL
Earnings/(loss) per share	9		
From continuing operations			
Basic (HK cents)		**1.09**	(1.18)
Diluted (HK cents)		**1.09**	N/A
From discontinued operations			
Basic (HK cents)		**N/A**	3.35
Diluted (HK cents)		**N/A**	3.28
From continuing and discontinued operations			
Basic (HK cents)		**1.09**	2.17
Diluted (HK cents)		**1.09**	2.13

CONSOLIDATED BALANCE SHEET

As At 31 March 2008

	2008	2007
	HK$	*HK$*
Non-current assets		
Goodwill	**560,000**	—
Property, plant and equipment	**214,484,148**	105,594,731
Investment properties	**180,642,000**	100,500,000
Payments for leasehold land held for own use under operating leases	**398,799,949**	—
Deferred expenditure	**3,720,627**	3,988,251
Interest in an associate	—	—
Held-to-maturity investments	—	—
Deferred tax assets	**7,022,274**	5,616,256
Total non-current assets	**805,228,998**	215,699,238
Current assets		
Inventories	**36,037,072**	27,594,127
Trade and other receivables	**91,163,533**	59,731,426
Deferred expenditure	**45,267,624**	45,267,624
Cash and cash equivalents	**252,170,278**	438,160,876
Total current assets	**424,638,507**	570,754,053
Current liabilities		
Trade and other payables	**51,711,961**	55,717,421
Amounts due to minority shareholders	**117,378,195**	66,875,269
Provision for taxation	**1,846,886**	518,984
Total current liabilities	**170,937,042**	123,111,674
Net current assets	**253,701,465**	447,642,379
Total assets less current liabilities	**1,058,930,463**	663,341,617
Non-current liabilities		
Provision for long service payments	**2,159,770**	2,262,353
Deferred tax liabilities	**90,764,658**	14,427,686
Total non-current liabilities	**92,924,428**	16,690,039
Net assets	**966,006,035**	646,651,578
Capital and reserves		
Share capital	**169,911,570**	131,506,080
Reserves	**780,783,788**	524,437,444
Total equity attributable to equity holders of the Company	**950,695,358**	655,943,524
Minority interests	**15,310,677**	(9,291,946)
Total equity	**966,006,035**	646,651,578

NOTES

1. Principal accounting policies

(a) Statement of compliance

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations (hereinafter collectively referred to as the "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance.

(b) Basis of measurement

The financial statements have been prepared under the historical cost basis except for certain properties and financial instruments, which are measured at fair values or revalued amounts.

(c) Use of estimate and judgments

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

2. Application of Hong Kong Financial Reporting Standards

(a) In the current year, the Group has applied all the new and revised HKFRSs issued by HKICPA, that are relevant to its operation and effective for the current accounting period. The adoption of these new HKFRSs had no material effect on how the results for the current or prior accounting periods have been prepared and presented.

The adoption of these new HKFRSs would not affect recognition or measurement of the amounts recognised in the financial statements for the current or prior accounting periods. As a result no prior period adjustment is required.

However, the adoption of "HKFRS 7 Financial Instruments: Disclosure" and "Amendment to HKAS 1, Presentation of financial statements: Capital disclosure" resulted in much more extensive disclosures in respect of financial instruments and an additional disclosure on capital management policy respectively. Comparative information has been restated to achieve a consistent presentation.

(b) Potential impact arising on the new accounting standards not yet effective

The Group has not yet applied the following new or revised HKFRSs that have been issued but are not yet effective. The directors of the Company anticipate that the application of these new or revised HKFRSs will have no material impact on the financial statements of the Group.

HKAS 1 (Revised)	Presentation of Financial Statements [1]
HKAS 23 (Revised)	Borrowing Costs [1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements [4]
HKAS 32 Amendment	Financial Instruments: Presentation [1]
HKFRS 2 Amendment	Share-based Payments — Vesting Conditions and Cancellations [1]
HKFRS 3 (Revised)	Business Combinations [4]
HKFRS 8	Operating Segments [1]
HK(IFRIC) — Interpretation 12	Service Concession Arrangements [3]
HK(IFRIC) — Interpretation 13	Customer Loyalty Programmes [2]
HK(IFRIC) — Interpretation 14	HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction [3]

1 Effective for annual periods beginning on or after 1 January 2009.
2 Effective for annual periods beginning on or after 1 July 2008.
3 Effective for annual periods beginning on or after 1 January 2008.
4 Effective for annual periods beginning on or after 1 July 2009.

3. Turnover and segment information

An analysis of the Group's business segments is set out as follows:

	2008							
	Continuing operations							
	Restaurant operations *HK$*	Property investment *HK$*	Wedding services *HK$*	Entertainment business *HK$*	Retail operations *HK$*	Licence fee collection business *HK$*	Hotel operations *HK$*	Total *HK$*
TURNOVER								
External turnover	41,238,230	5,845,600	75,020,902	3,140,375	116,715,459	3,948,346	30,107,202	276,016,114
RESULT								
Segment results	2,680,317	34,978,588	(5,399,931)	(6,158,358)	1,817,935	(55,982,898)	(610,933)	(28,675,280)
Excess of fair value of net assets acquired over cost of acquisition of subsidiaries							59,318,750	59,318,750
Unallocated income								12,402,896
Unallocated costs								(4,055,112)
Profit before taxation								38,991,254
Taxation								(6,038,558)
Profit for the year								32,952,696
Segment assets	116,644,726	181,253,333	9,143,736	39,642,161	38,252,719	63,649,906	513,619,346	962,205,927
Unallocated assets								267,661,578
Total assets								1,229,867,505
Segment liabilities	(7,855,679)	(2,269,631)	(8,351,759)	(9,067,255)	(21,552,287)	(71,880,133)	(22,996,772)	(143,973,516)
Unallocated liabilities								(119,887,954)
Total liabilities								(263,861,470)
Capital expenditure — segment	372,636	49,056,671	1,118,645	3,810,507	336,812	192,275	1,605,896	56,493,442
— unallocated								291,795
								56,785,237
Depreciation — segment	2,178,050	129,297	2,577,909	252,412	671,193	71,776	5,765,593	11,646,230
— unallocated								37,407
								11,683,637
Amortisation of prepaid lease rentals (land) — segment	—	—	—	—	—	—	1,850,245	1,850,245
Impairment of goodwill — segment	—	—	—	4,277,660	—	—	—	4,277,660
Amortisation of deferred expenditure — segment	—	—	—	—	—	45,267,624	—	45,267,624

An analysis of the Group's business segments is set out as follows:

	2007								
	Continuing operations							Discontinued operations	
	Restaurant operations *HK$*	Property investment *HK$*	Wedding services *HK$*	Entertainment business *HK$*	Retail operations *HK$*	Licence fee collection business *HK$*	Sub-total *HK$*	Hotel operations *HK$*	Total *HK$*
Turnover	39,253,682	5,403,700	89,732,139	2,530,068	65,164,602	65,966	202,150,157	71,467,606	273,617,763
Segment results	(604,234)	4,004,121	(33,928,408)	(3,611,430)	(75,930)	(6,151,895)	(40,367,776)	7,599,602	(32,768,174)
Gain on disposal of hotel operations								81,504,515	81,504,515
Unallocated income									6,956,277
Unallocated costs									(5,965,032)
Profit before taxation									49,727,586
Taxation									1,053,777
Profit for the year									50,781,363
Segment assets	100,517,910	100,589,256	11,304,338	71,232	32,693,849	79,881,355	325,057,940	—	325,057,940
Unallocated assets									461,395,351
Total assets									786,453,291
Segment liabilities	(8,531,414)	(2,053,911)	(10,226,282)	(4,759,064)	(22,198,239)	(63,457,712)	(111,226,622)	—	(111,226,622)
Unallocated liabilities									(28,575,091)
Total liabilities									(139,801,713)
Capital expenditure — segment	108,970	—	5,532,836	—	1,710,170	191,358	7,543,334	237,313	7,780,647
— unallocated									9,000
									7,789,647
Depreciation — segment	2,729,833	—	2,370,072	80,177	503,622	9,881	5,693,585	24,024,398	29,717,983
— unallocated									3,320
									29,721,303
Impairment of goodwill	—	15,000	18,988,140	—	—	—	19,003,140	—	19,003,140
Amortisation of deferred expenditure	—	—	—	—	—	744,125	744,125	—	744,125
Amortisation of prepaid lease rentals (land)	—	—	—	—	—	—	—	864,827	864,827
Amortisation of land premium	—	—	—	—	—	—	—	2,102,957	2,102,957

4. Profit for the year

Profit for the year is stated at after charging/(crediting):

	2008	2007
	HK$	*HK$*
Depreciation of property, plant and equipment	**11,683,637**	29,721,303
Operating lease rentals in respect of land and buildings		
— Land and buildings	**12,439,320**	20,927,622
— Payments for leasehold land held for own use under operating leases	**1,850,245**	864,827
Amortisation of deferred expenditure	**45,267,624**	744,125
Impairment loss of goodwill (recognised in net operating expenses)	**4,277,660**	19,003,140

5. Discontinued operations

During the year ended 31 March 2007, the Group disposed of its 95% interests in Waldorf Holding Limited, which operated a hotel in Macau.

6. Finance costs

	Continuing operations		**Discontinued operations**		**Total**	
	2008	2007	**2008**	2007	**2008**	2007
	HK$	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*
Interest on						
— long-term bank loans	—	18,300	—	7,559,602	—	7,577,902
— other borrowings	**517,129**	157,819	—	—	**517,129**	157,819
	517,129	176,119	—	7,559,602	**517,129**	7,735,721

7. Taxation

The amount of taxation in the income statement represents:

	Continuing operations		**Discontinued operations**		**Total**	
	2008	2007	**2008**	2007	**2008**	2007
	HK$	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*
Hong Kong profits tax	**886,335**	194,276	—	—	**886,335**	194,276
Macau tax	**3,415**	—	—	1,282	**3,415**	1,282
PRC tax	**1,023,387**	—	—	—	**1,023,387**	—
	1,913,137	194,276	—	1,282	**1,913,137**	195,558
Deferred tax	**4,125,421**	(1,249,335)	—	—	**4,125,421**	(1,249,335)
	6,038,558	(1,055,059)	—	1,282	**6,038,558**	(1,053,777)

Hong Kong profits tax has been provided for certain subsidiaries within the Group and is calculated at 17.5% (2007: 17.5%) on the estimated assessable profits for the year.

No provision for Hong Kong profits tax has been made for other subsidiaries within the Group as those subsidiaries have sufficient tax losses brought forward to offset against the estimated profits for the year on an individual basis.

The Macau statutory tax rate is set at 12% (2007: 12%) on the estimated assessable profits for the year.

PRC subsidiaries are subject to Mainland China Enterprise Income Tax at rates ranging from 15% to 33% (2007: 15% to 33%).

The Tenth National People's congress enacted a new Enterprise Income Tax Law ("EIT Law") on 16 March 2007, which provides for a unified income tax rate of 25% to both domestic enterprises and foreign-invested enterprises The new tax law became effective on 1 January 2008. As a result, the tax rate for domestic enterprises will be reduced to 25%, whereas the tax rate for foreign-invested enterprises that have enjoyed preferential tax treatment, shall have five years from the time when the EIT Law takes effect to transition progressively to the legally prescribed tax rate. During this period, an enterprise that enjoyed the 15% enterprises income tax rate shall be subject to the 18% tax rate for the year 2008, 20% for the year 2009, 22% for the year 2010, 24% for the year 2011, and 25% for the year 2012; an enterprise that previously enjoyed the 24% tax rate shall be subject to the 25% tax rate starting from the year 2008.

8. Dividends

The board of the Company does not recommend the payment of any interim or final dividend in respect of the year ended 31 March 2008 (2007: Nil).

9. Earnings/(loss) per share

The calculation of the basic and diluted earnings/(loss) per share attributable to the ordinary equity holders of the Company is based on the following data:

	2008	2007
	HK$	*HK$*
Earnings/(loss) for the purpose of basic and diluted earnings/(loss) per share		
Profit/(loss) for the year attributable to equity holders of the Company		
— from continuing operations	**31,901,584**	(31,036,169)
— from discontinued operations	**—**	88,168,283
— from continuing and discontinued operations	**31,901,584**	57,132,114
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	**2,925,058,004**	2,630,121,600
Effect of dilutive potential ordinary shares:		
— Share options	**6,930,534**	58,091,574
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	**2,931,988,538**	2,688,213,174

* No diluted loss per share from continuing operation has been presented for the year ended 31 March 2007 as the conversion of the stock options was anti-dilutive.

BUSINESS REVIEW AND OUTLOOK

Financial review

Consolidated results

The turnover of the Group for the year ended 31 March 2008 was about HK$276 million, representing an increase of about 36.5% as compared to that of last year. The increase was mainly contributed by the watch retail business of about HK$112.5 million and the acquisition of interest in Dynasty Hotel in Zhaoqing, the PRC, in November 2007 which achieved a turnover of about HK$30.1 million. However there was a decrease of about HK$14.7 million in the turnover of wedding services. The Group achieved a profit of about HK$33.0 million this year, a decrease of approximately 35.1% as compared to last year. The profit was mainly attributable to the excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost of about HK$59.3 million arising on the acquisition of the hotel operations in the PRC, fair value adjustment and rental income of about HK$27.1 million and HK$5.8 million respectively from investment properties, and net income of about HK$2.7 million from Chiu Chow restaurant operations. However the wedding services business recorded a loss of about HK$5.4 million. The profit was further reduced by a loss of about HK$56 million from the business of collection of fees for licensing of copyright to karaoke music products to karaoke operators in the PRC and a loss of about HK$6.2 million from entertainment business.

The directors have resolved not to recommend the payment of a final dividend for the year ended 31 March 2008 (2007: Nil) in order to reserve resources for development of the Group's business.

Review

Hotel operations

In November 2007, the Group acquired Wellrich Investments Limited, which owns 94% interest in 肇慶星湖俱樂部 (Star-Lake Club Zhaoqing) which owns and operates the hotel under the business name of Dynasty Hotel in Zhaoqing, the PRC. The business suffered a loss of about HK$0.6 million. The Group recorded an excess of its interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost of approximately HK$59.3 million arising on the acquisition of the hotel operations.

Wedding services

The Group provides wedding services under the trade names of "Cite Du Louvre" and "Wonderful Arts Wedding Services" in Hong Kong. The business was adversely affected by keen competition from local and Taiwan wedding services companies.

This business suffered loss of about HK$5.4 million, which was reduced by about 84% as compared to that of last year when an impairment loss of goodwill of HK$19 million was recorded.

Investment properties

The investment properties contributed steady rental income to the Group. In May 2007, the Group acquired properties located at the commercial district in Guangzhou, the PRC for HK$48 million. The Group is looking for suitable tenants for these properties.

Restaurant operations

The business of the Group's Chiu Chow restaurant at Star House is stable and contributed operating profit of about HK$2.7 million to the Group.

Watch retail operations

The watch retail business is profitable and contributed operating profit of approximately HK$2.3 million to the Group.

Wine retail operations

A 51% owned subsidiary of the Company commenced wine retail business in Grand Waldo Hotel, Macau in June 2006. This business recorded a loss of approximately HK$0.5 million.

Entertainment operations

In July 2007, the Group established a 60% owned subsidiary, 北京金英馬國際文化交流有限公司 (Beijing Jingyingma International Cultural Exchange Company Limited), in Beijing, the PRC for its movie and television series production business. The Group entered into three agreements relating to television series production. The total investment is approximately RMB22 million. Production of two television series has substantially completed.

In September 2007, the Group acquired a 51% interest in Baron Production and Artiste Management Company Limited, which is engaged in providing services relating to production and artist management in the entertainment industry. It incurred a loss of about HK$1 million.

In September 2007, the Group set up a wholly-owned subsidiary, Golden Capital Entertainment Limited to develop entertainment and related business in Shenzhen, the PRC.

In October 2007, the Group acquired a 60% interest in Chance Music Limited, which is engaged in entertainment and related business and owns intellectual property rights to lyrics of various songs. It achieved a profit of about HK$0.01 million.

Collection of fees for licensing of karaoke music products

The Group entered into various agreements relating to collection of fees for licensing of copyright to karaoke music products to karaoke operators in PRC. It incurred a loss of approximately HK$56 million, which was mainly due to an amortisation of deferred expenditure of approximately HK$45.3 million. The Group is entitled to receive portion of fee payment from karaoke operators in the PRC.

Prospects

The Group will continue its current principal activities of hotel operations, provision of wedding services, property investment, restaurant operations, retail of watches and wine, collection of fees for licensing of karaoke music products in the PRC and entertainment business. The Group's financial position is strong with a net asset value of about HK$966 million.

The Group has increased its property portifolio in the PRC by the acquisition of interest in the property occupied by Dynasty Hotel in Zhaoqing, the PRC, which it considers to have good redevelopment potential for commercial and residential uses.

The Group has invested in production of films and television series in the PRC with a view to expand its entertainment business in the PRC.

The directors believe the operations relating to collection of fees for licensing of copyright to karaoke music products to karaoke operators in the PRC will broaden the income source of the Group and facilitate the Group to build up a distribution network of karaoke operators in the PRC for future expansion of its business. The development of this business is at an advanced stage and the Group expects to receive some income commencing from the current financial year.

The management will look for suitable investment opportunities to expand the business of the Group.

CORPORATE GOVERNANCE PRACTICES

The Company complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules during the year ended 31 March 2008 except the non-executive directors were not appointed for a specific term but are subject to retirement by rotation in annual general meetings of the Company in accordance with the Bye-laws of the Company.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the listed securities of the Company during the year.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed with the management of the Group the accounting principles and practices adopted by the Group, its internal controls and financial reporting matters including the above annual results.

SCOPE OF WORK OF BDO MCCABE LO LIMITED

The figures in respect of the Group's consolidated balance sheet, consolidated income statement and the related notes thereto for the year ended 31 March 2008 as set out in this preliminary announcement have been agreed by the Company's auditors, BDO McCabe Lo Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO McCabe Lo Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO McCabe Lo Limited on the preliminary announcement.

By Order of the Board
United Power Investment Limited
Yeung Chi Hang
Chief Executive Officer

Hong Kong, 16 June 2008

As at the date of this announcement, the board of directors of the Company comprises (1) Madam Ma Shuk Kam as the non-executive Chairperson; (2) Mr. Yeung Chi Hang, Mr. Liu Yu Mo and Mr. Au Edmond Wah as executive directors; and (3) Ms. Chan Lai Mei, Mr. Lee Wai Loun and Mr. Lee Yuk Sang, Angus as independent non-executive directors.