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# Unity Investments Holdings Limited

## 合一投資控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 913)

### INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2009

The board of directors (the “**Board**”) of Unity Investments Holdings Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2009 (the “**Period**”). The results have been reviewed by the Company’s auditor, Mazars CPA Limited, and the Company’s Audit Committee.

#### CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2009

		Unaudited	
		Six months ended 30 June	
		2009	2008
	Note	HK\$'000	HK\$'000
<b>Turnover</b>	2	(715)	11,275
Other revenue	2	4,884	1,365
Realised loss on disposal of available-for-sale investments		(35,792)	(48,242)
Impairment of available-for-sale investments		(4,402)	–
Unrealised gain (loss) on investments held for trading		9,546	(17,319)
Unrealised loss on derivative financial instruments		–	(3,600)
Other operating expenses, net		(10,605)	(5,084)
Finance costs		(1,188)	(989)
		<hr/>	<hr/>
<b>Loss before taxation</b>	3	(38,272)	(62,594)
Taxation	4	–	–
		<hr/>	<hr/>
<b>Loss for the period attributable to equity holders of the Company</b>		<b>(38,272)</b>	<b>(62,594)</b>
		<hr/> <hr/>	<hr/> <hr/>
			(Restated)
<b>Loss per share</b>			
Basic and Diluted	5	<b>HK\$(0.46)</b>	HK\$(3.95)
		<hr/> <hr/>	<hr/> <hr/>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2009

		Unaudited 30 June 2009 HK\$'000	Audited 31 December 2008 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		2,790	3,447
Available-for-sale investments	6	<u>286,930</u>	<u>143,438</u>
		<u>289,720</u>	<u>146,885</u>
<b>Current assets</b>			
Investments held for trading	6	28,840	26,722
Deposit, prepayment and other receivables		592	7,229
Bank balances and cash		<u>7,005</u>	<u>4,246</u>
		<u>36,437</u>	<u>38,197</u>
<b>Current liabilities</b>			
Other payables and accruals		5,408	520
Interest-bearing borrowings, unsecured		–	9,500
Derivative financial instruments		<u>–</u>	<u>5,888</u>
		<u>5,408</u>	<u>15,908</u>
<b>Net current assets</b>		<u>31,029</u>	<u>22,289</u>
<b>Total assets less current liabilities</b>		<u>320,749</u>	<u>169,174</u>
<b>Non-current liabilities</b>			
Zero-coupon convertible notes		<u>–</u>	<u>15,723</u>
<b>NET ASSETS</b>		<u><u>320,749</u></u>	<u><u>153,451</u></u>
<b>Capital and reserves</b>			
Share capital		143,875	37,579
Reserves		<u>176,874</u>	<u>115,872</u>
<b>TOTAL EQUITY</b>		<u><u>320,749</u></u>	<u><u>153,451</u></u>

Notes:

## 1. BASIS OF PREPARATION

The unaudited interim financial statements for the six months ended 30 June 2009 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “*Interim Financial Reporting*” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2008. They have been prepared on the historical cost basis, except for available-for-sale investments and investments held for trading, which are measured at fair value.

The accounting policies and methods of computation applied in preparation of these interim financial statements are consistent with those applied in preparing the Group’s financial statements for the year ended 31 December 2008. The adoption of the new / revised Hong Kong Financial Reporting Standards (“HKFRS”), which collective term includes all applicable individual HKFRS, HKAS and Interpretations issued by the HKICPA that are relevant to the Group and effective from the current Period, did not have any significant effect on the financial position or performance of the Group.

### Changes in accounting policies

#### *HKAS 1 (Revised): Presentation of Financial Statements*

HKAS 1 (Revised) has introduced a number of terminology changes, including revised titles for the condensed consolidated financial statements, and has resulted in a number of changes in presentation and disclosure.

The revised standard requires non-owner changes in equity to be shown in a single statement (the statement of comprehensive income) or two linked statements (the income statement and the statement of other comprehensive income). The revised standard also requires that when comparative information is restated or reclassified, a restated statement of financial position as at the beginning of the comparative period, in addition to the statement of financial position as at the end of the current period and comparative period, should be presented.

#### *HKFRS 8: Operating Segments*

HKFRS 8 replaced HKAS 14: “*Segment Reporting*” and requires segment information to be reported based on internal information used by management to evaluate the performance of operating segments and allocate resources to those segments. The Group determined that the operating segments were the same as the business segments previously identified under HKAS 14.

The Group has not early adopted any new and revised HKFRS that have been issued but are not yet effective for the current Period. The Group has already commenced an assessment of the impact of these new and revised HKFRS but is not yet in a position to reasonably estimate whether these new and revised HKFRS would have a significant impact on the Group’s results of operations and financial position.

## 2. TURNOVER AND REVENUE

The Group is principally engaged in the investments in listed and unlisted companies. Turnover and revenue recognised during the six months ended 30 June 2009 are as follows:

	Note	Unaudited Six months ended 30 June	
		2009 HK\$'000	2008 HK\$'000 (Restated)
<b>Turnover</b>			
(Loss) Gain from the sale of investments held for trading	2 (i)	<u>(715)</u>	<u>11,275</u>
<b>Other revenue</b>			
Dividend income – listed investments		4,853	1,144
Exchange gain		–	165
Interest income		31	46
Others		<u>–</u>	<u>10</u>
		<u>4,884</u>	<u>1,365</u>
<b>Total revenue</b>		<u><b>4,169</b></u>	<u><b>12,640</b></u>

### (i) (Loss) Gain from the sales of investments held for trading

The Group's proceeds from the sale of investments at fair value through profit or loss and the corresponding carrying amount were separated into "Turnover" and "Cost of sales", respectively, in the prior period's condensed consolidated income statement. During the year ended 31 December 2008, the Group changed its presentation, as in the opinion of the directors, it is more appropriate to present the gain / loss from the sale of investments at fair value through profit or loss in "Turnover" on a net basis. The effect of this change in presentation was to offset revenue with cost of sales for the Period by HK\$45,686,000, which represents the carrying amount of investments at fair value through profit or loss disposed during the Period. To conform with the current Period's presentation, the carrying amount of investments at fair value through profit or loss disposed of for the six months period ended 30 June 2008 of HK\$98,176,000 which was previously presented as cost of sales for that period has been offset against revenue. This has resulted in no change in the results of the Group in respect of the current and prior period.

## 3. LOSS BEFORE TAXATION

	Unaudited Six months ended 30 June	
	2009 HK\$'000	2008 HK\$'000
This is stated after charging (crediting):		
Depreciation	689	190
Gain on disposal of property, plant and equipment	–	(402)
Loss on disposal of a subsidiary	5,677	–
Staff cost, including directors' emoluments	1,407	1,120
Operating lease charges in respect of land and buildings	<u>346</u>	<u>236</u>

## 4. TAXATION

Hong Kong Profits Tax has not been provided in the current Period as the Group incurred a taxation loss for the six months ended 30 June 2009 (2008: incurred taxation loss).

## 5. LOSS PER SHARE

The calculation of basic loss per share is based on the Group's loss attributable to equity holders for the Period of HK\$38,272,000 (2008: HK\$62,594,000) and the weighted average number of ordinary shares of 82,982,759 (2008 restated: 15,839,817 shares) in issue during the Period. The comparative amount of the basic loss per share for 2008 has been adjusted to reflect the impact of the rights issue during the Period. In addition, the weighted average number of ordinary shares adopted in the calculations of the basic loss per share for 2009 and 2008 has been adjusted to reflect the impact of the shares consolidation effected subsequent to the Period end date (note 7(i)).

As there was an anti-dilutive effect after adjusting for the effects of all potential ordinary shares, diluted loss per share was the same as basic loss per share in 2009 and 2008.

## 6. INVESTMENTS

	<i>Note</i>	<b>Unaudited 30 June 2009 HK\$'000</b>	Audited 31 December 2008 HK\$'000
<b>Available-for-sale investments</b>			
Equity investments, at fair value			
Listed in Hong Kong	6(i)	<u>233,080</u>	<u>87,686</u>
Equity investments, at cost			
Unlisted in Hong Kong		<u>36,058</u>	36,058
Impairment loss		<u>(30,058)</u>	<u>(25,656)</u>
		<u>6,000</u>	<u>10,402</u>
Debt investments, at cost			
Unlisted in Hong Kong		<u>67,400</u>	64,900
Impairment loss		<u>(19,550)</u>	<u>(19,550)</u>
		<u>47,850</u>	<u>45,350</u>
		<u><b>286,930</b></u>	<u><b>143,438</b></u>
<b>Investments held for trading</b>			
Equity investments, at fair value			
Listed in Hong Kong		<u>13,942</u>	6,097
Listed overseas		<u>14,898</u>	<u>20,625</u>
		<u><b>28,840</b></u>	<u><b>26,722</b></u>

Note:

- (i) As at 30 June 2009, 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
Forefront Group Limited	Cayman Islands	Selling and distribution of Nissan motor vehicles, operation of the Nissan 4S shop, provision of heavy motor vehicle repair and maintenance services in the PRC, provision of logistic services in Hong Kong and the PRC, properties investments, securities trading and money lending business	Ordinary shares of HK\$0.10 each	8.41%
Poly Development Holdings Limited	Bermuda	Supply and procurement business, provision of management services, provision of finance and securities investment	Ordinary shares of HK\$0.01 each	3.24%
Global Resources Development (Holding) Limited	Cayman Islands	Production and sale of automobile parts and related accessories in the PRC, mining of mineral resources and sale of radio trunking systems integration	Ordinary shares of HK\$0.01 each	3.31%

## 7. EVENTS AFTER THE END OF THE INTERIM PERIOD

The following events after the end of the Period were conducted:

### (i) Capital reorganisation

At the extraordinary general meeting of the Company held on 8 June 2009, a special resolution 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 reduction was approved by the Grand Court of the Cayman Islands on 31 July 2009 and became effective after 4:00 p.m. on 5 August 2009, details of which are as follows:

- 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;
- every ten issued Reduced Shares of HK\$0.01 each were consolidated into one consolidated share of HK\$0.10 each. As a result, the adjusted share capital of the Company became HK\$14,387,488.10 consisting of 143,874,881 ordinary shares of HK\$0.10 each; and
- the credit amount of approximately HK\$129,487,000 arising from the capital reduction was utilised to eliminate the accumulated losses of the Company.

### (ii) Disposal of available-for-sale financial assets

Subsequent to the Period end date and up to the date of this announcement, the Group has disposed a substantial portion of one of its investments included in available-for-sale investments with carrying amount of approximately HK\$33 million. The disposals were made to the open market with proceeds amount to approximately HK\$27 million. Together with the reversal of investment revaluation reserve previously included in equity, a loss on disposal of approximately HK\$42 million would be recognised in the Group's annual financial statements for the year ending 31 December 2009.

## 8. CONNECTED AND RELATED PARTY TRANSACTIONS

The following connected and related party transactions were transacted by the Group during the Period.

Relationship with the Group	Nature of transaction	Unaudited	
		2009	2008
		HK\$'000	HK\$'000
Key management personnel, including directors	Salaries, allowances and benefits in kind	960	741
	Retirement scheme contributions	18	13
		<u>978</u>	<u>754</u>
The Group's investment manager	Investment management fee paid ( <i>Note</i> )	<u>360</u>	<u>420</u>

*Note:* CU Investment Management Limited (“CUIM”) has been engaged in providing the Group with investment management services. Pursuant to an agreement on 17 December 2007 which was renewed on 15 December 2008 under the same terms to cover the period up to 31 December 2009, CUIM was entitled to receive a monthly management fee payable in advance at a flat rate of HK\$60,000 (2008: HK\$70,000).

## MANAGEMENT DISCUSSION AND ANALYSIS

### INTERIM DIVIDEND

The Board does not recommend any interim dividend for the Period (2008: Nil).

### RESULTS

The Group recorded a net loss of approximately HK\$38,272,000 for the Period, representing a decrease of 38.86% as compared to net loss of approximately HK\$62,594,000 in the corresponding period of last year. The loss incurred by the Company for the Period was mainly attributable to realised loss on disposal of its listed available-for-sale investments. The substantial decrease in net turnover was mainly due to decrease in the sale of investments held for trading during the Period. The loss per share of the Company for the Period was HK\$0.46 as compared to HK\$3.95 restated for 2008.

### BUSINESS REVIEW AND PROSPECTS

The Company is an investment company and its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) under Chapter 21 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The principal activities of the Group remain engaged in the investments in listed securities and debt related securities in Hong Kong and other main stock market around the world and also in unlisted companies.

Given the continuous volatile market condition since out-break of the global financial tsunami and slowdown of US economy at the end of last year, the Group focused more on equity and debt securities in Hong Kong to achieve medium-term or long-term capital appreciation. The portfolio of investment assets of the Group as at 30 June 2009 are as follows:

	<b>Market value / Fair value</b>				<b>Percentage of consolidated net assets value</b>
	<b>Hong Kong</b> <i>HK\$'000</i>	<b>Singapore</b> <i>HK\$'000</i>	<b>United States</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>	
Available-for-sale investments	286,930	–	–	286,930	89.46%
Investments held for trading	13,942	11,616	3,282	28,840	8.99%

During the Period, the Group entered into a sale and purchase agreement with an independent third party to dispose its subsidiary, Runway Group Limited. The principal activity of the disposed subsidiary was investment holding in Taiwan.

Pessimism over the global economic environment continued to reverberate at the start of 2009, as the fate of the US financial system seemed to hang in the balance, given poor liquidity and challenging outlook. By March 2009, economic data started to suggest that the recession has been stabilising, leading to a flurry of inventory restocking in the second quarter of 2009. This has been helped by the concerted action of the G7 central banks to boost money supply aggressively since late 2008 and the US economic stimulus package. In China, the fear of lowering growth due to rapid slowing export has spurred Beijing to encourage investment and domestic consumption through soaring loan growth. All these factors have helped the Hang Seng Index to experience one of the steepest rebound in recent years during the second half of 2009 and is now back to above the level just before Lehman's bankruptcy.

Since June 2009, the Hang Seng Index has entered into a consolidating pattern, waiting for more concrete signs of economic recovery. The signals so far have been mixed and oil price has fallen from its recent peak, as investors have started to question whether equity markets have run too much ahead of the economic reality. On the other hand, there seems to be increasing evidence that China's 2009 GDP growth could surpass the 8% target, despite of concerns earlier on in the year and a relatively loose monetary stance is likely to remain in force for the rest of the year.

As a result, the Hong Kong equity market is likely to behave in sea-saw manner for the rest of 2009, reacting to development in China and the G7 economies, leading to volatile directionless trend in the medium term. While there are signs that global economies may at last be stabilising, general recoveries are still not yet certain. The Group will therefore continue to look for appropriate investment opportunities to expand and diversify its portfolio. In addition, the Group will explore fundraising opportunities in order to maintain its financial flexibility.



## **FINANCIAL REVIEW**

### **Liquidity, Capital Resources and Capital Structure**

As at 30 June 2009, the Group's had liquid assets comprising cash and marketable securities of HK\$35,845,000 (*At 31 December 2008: HK\$30,968,000*). The Group's current ratio, calculated based on the liquid assets over current liabilities of HK\$5,408,000 (*At 31 December 2008: HK\$15,908,000*), was at strong ratio of 6.63 at the Period end (*At 31 December 2008: 1.95*). As at 30 June 2009, the Group had no unsecured, interest bearing short-term borrowings (*As at 31 December 2008: HK\$9,500,000*), which, when related to the gearing ratio of the Group was at a low level of 1.66% (*As at 31 December 2008: 17.09%*), calculated on basis of total liabilities divided by total assets. With the amount of liquid assets on hand and credit facilities available, the Board believed that the Company has sufficient working capital for its ongoing operational requirements.

During the Period under review, the Company completed a rights issue and a share placement for 512,155,110 rights shares and 239,000,000 placing shares, respectively. The Company also issued 311,802,232 new shares during the Period as a result of conversion of convertible notes issued. The Board has been actively seeking fund raising opportunities to strengthen the Company's financial position.

The unaudited consolidated net asset value per share of the Company as at 30 June 2009 was HK\$0.22 (*Audited as at 31 December 2008: HK\$0.41*). The consolidated net assets value per share is calculated based on the net assets of the Group as at 30 June 2009 of HK\$320,749,000 (*As at 31 December 2008: HK\$153,451,000*) and the total number of 1,438,748,810 shares (*As at 31 December 2008: 375,791,474 shares*) in issue as at that date.

### **Charge of Assets**

As at 30 June 2009, margin facilities from several regulated 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 30 June 2009, approximate amount of HK\$5,113,000 (*As at 31 December 2008: Nil*) 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 was approximately HK\$261,919,000 (*As at 31 December 2008: HK\$106,760,000*).

### **Capital Commitment and Contingent Liabilities**

As at 30 June 2009, the Group has no capital commitment and no material contingent liabilities.

## **FOREIGN EXCHANGE EXPOSURE**

As at 30 June 2009, the majority of the Group's investments were either denominated in Hong Kong dollars or Singapore dollars. The Group considers its exposure to foreign exchange risk was not significant, therefore, no financial instruments was made to hedge such exposures.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the Period under review, the Company repurchased the following shares on the Stock Exchange and the title documents of the respective repurchased shares were cancelled and destroyed accordingly.

Date of repurchase	Number of shares repurchased	Price per share		Total consideration HK\$
		Highest HK\$	Lowest HK\$	
5 May 2009	6	0.088	0.088	0.53

Save as disclosed herein, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares during the Period.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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. Upon enquiry by the Company, all directors of the Company have confirmed that they complied with the required standards set out in the Model Code throughout the Period.

## CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the Code on Corporate Governance Practices (the "**Code Provision**") stipulated in Appendix 14 of the Listing Rules throughout the Period, with deviations from A.2.1 and A.4.1 of the Code Provision as summaries below.

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Mr. KITCHELL Osman Bin was appointed as chairman on 16 January 2008 and took the role of the 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 the 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 stipulated that non-executive directors should be appointed for a specific term and be subject to re-election. The Company has not fixed the terms of appointment for non-executive directors, which constitutes a deviation from A.4.1 of the Code Provision. However, all non-executive directors of the Company 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 of the Company amended on 13 September 2005. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Code Provision.

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

## **EMPLOYEE AND REMUNERATION POLICIES**

As at 30 June 2009, the Group had 11 employees, including 3 executive directors and 4 independent non-executive directors. The remuneration package of the Group is generally periodically reviewed, making reference to current legislation, performance appraisals and other relevant factors.

The total remuneration cost incurred by the Group for the Period was HK\$1,407,000 (2008: HK\$1,120,000).

## **AUDIT COMMITTEE**

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited interim accounts for the Period. At the request of the directors, the Company's external auditor, Mazars CPA Limited, has carried out a review of the unaudited interim financial statements in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

As at the date of this announcement, the Audit Committee of the Company comprises four independent non-executive directors, namely, Ms. SWARTZ Kristi Lynn, Mr. CHUNG Kong Fei, Stephen, Mr. TSANG Wing Ki and Mr. NGAI Wai Kin.

## **PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This results announcement is published on website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and the Company ([www.unity913.com](http://www.unity913.com)). The interim report for the Period containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and available on the same websites in due course.

## **APPRECIATION**

On behalf of the Board, I would like to take this opportunity to express our appreciation to the management team and staff of the Group for their contribution during the Period 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, 26 August 2009

*As at the date of this announcement, the executive directors of the Company are Mr. KITCHELL Osman Bin (Chairman and Chief Executive Officer), Ms. DAVIS Angela Hendricks and Ms. CHOI Ka Wing; and the independent non-executive directors of the Company are Mr. CHUNG Kong Fei, Stephen, Mr. TSANG Wing Ki, Ms. SWARTZ Kristi Lynn and Mr. NGAI Wai Kin.*