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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 2011**

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 2011 (the “**Period**”). The interim results have been reviewed by the Company’s auditors, Mazars CPA Limited, and the Company’s Audit Committee. The Board has approved the unaudited condensed consolidated financial statements of the Group for the six months interim period ended 30 June 2011.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME**

For the six months ended 30 June 2011

		Unaudited	
		Six months ended 30 June	
		2011	2010
	<i>Note</i>	HK\$’000	HK\$’000
Turnover	2	(18,978)	(5,785)
Other revenue	2	2,803	914
Gain on redemption of unlisted debt investment classified under available-for-sale investments		1,526	–
Changes in fair value of listed investments classified under investments held for trading		(37,244)	(17,439)
Realised (loss) gain on disposal of listed investments classified under available-for-sale investments		(10,331)	10,335
Impairment of listed equity investments classified under available-for-sale investments		(41,315)	–
Other operating expenses		(5,717)	(5,578)
Finance costs		(483)	(352)

		Unaudited	
		Six months ended 30 June	
		2011	2010
	<i>Note</i>	HK\$'000	HK\$'000
Loss before tax	4	(109,739)	(17,905)
Income tax expense	5	<u>—</u>	<u>—</u>
Loss for the period attributable to equity holders of the Company		<u>(109,739)</u>	<u>(17,905)</u>
Other comprehensive loss			
Changes in fair value of available-for-sale investments		(76,486)	(42,155)
Realisation upon disposal of available-for-sale investments		10,331	(10,335)
Transfer to profit or loss upon impairment of available-for-sale investments		<u>41,315</u>	<u>—</u>
Other comprehensive loss for the period		<u>(24,840)</u>	<u>(52,490)</u>
Total comprehensive loss for the period attributable to equity holders of the Company		<u>(134,579)</u>	<u>(70,395)</u>
			<i>(Restated)</i>
Loss per share			
Basic and Diluted	6	<u>HK\$(0.26)</u>	<u>HK\$(0.75)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2011

		Unaudited	Audited
		30 June	31 December
		2011	2010
	<i>Note</i>	HK\$'000	HK\$'000
Non-current assets			
Property, plant and equipment		576	2,395
Available-for-sale investments	7	224,586	323,202
		<u>225,162</u>	<u>325,597</u>
Current assets			
Available-for-sale investments	7	3,600	3,600
Financial assets at fair value through profit or loss	7	95,615	134,648
Other receivables		580	13,699
Bank balances and cash		24,312	3,852
		<u>124,107</u>	<u>155,799</u>
Current liabilities			
Other payables and accruals	8	7,359	7,414
Net current assets			
		<u>116,748</u>	<u>148,385</u>
NET ASSETS			
		<u>341,910</u>	<u>473,982</u>
Capital and reserves			
Share capital		4,312	4,227
Reserves		337,598	469,755
TOTAL EQUITY			
		<u>341,910</u>	<u>473,982</u>

Notes:

1. BASIS OF PREPARATION

The unaudited interim financial statements for the six months ended 30 June 2011 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 (the “Listing Rules”).

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 2010. They have been prepared on the historical cost basis, except for investments held for trading and available-for-sale investments in listed securities and debt securities, 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 2010. The adoption of the new/revised Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, HKASs 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.

The Group has not early adopted any new and revised HKFRSs 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 HKFRSs but is not yet in a position to reasonably estimate whether these new and revised HKFRSs 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 securities. Turnover and revenue recognised during the six months ended 30 June 2011 are as follows:

	Unaudited	
	Six months ended 30 June	
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover		
Results from the sale of listed investments held for trading	(18,978)	(5,785)
Other revenue		
Dividend income from listed investments	439	883
Interest income	40	31
Gain on disposal of fixed assets	533	–
Other income	1,791	–
	2,803	914
Total revenue	(16,175)	(4,871)

3. SEGMENT INFORMATION

For the purpose of internal reporting, the Group only has one business segment, namely, investments in listed and unlisted securities. Business segment information, which is the Group's primary basis of segment reporting, is not required as the Group's turnover, contribution to operating profit, assets and liabilities are attributable to this only segment.

Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue; and (ii) the Group's non-current assets other than financial instruments ("specified non-current assets"). The geographical location from which the Group derives revenue is based on the location of the markets of the respective investments; and geographical location of the specified non-current assets is based on the physical location of the asset.

	Revenues		Specified non-current assets	
	Unaudited		Unaudited	Audited
	Six months ended 30 June		30 June	31 December
	2011	2010	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	(16,175)	(5,594)	576	2,395
Others	–	723	–	–
	(16,175)	(4,871)	576	2,395

4. LOSS BEFORE TAX

Unaudited
Six months ended 30 June
2011 2010
HK\$'000 *HK\$'000*

This is stated after charging (crediting):

Depreciation	988	1,091
Donation	–	30
Staff cost, including directors' emoluments	1,750	1,518
Share-based payment in respect of share options granted	–	145
Operating lease charges in respect of:		
land and buildings	452	431
hire of machinery	46	33
	=====	=====

Disclosures pursuant to Rule 21.12(1)(c) of the Listing Rules

Realised loss (gain) on disposal of listed investments	29,309	(4,550)
Realised surplus on unlisted investments	(1,526)	–
Unrealised loss on listed investments	37,244	17,439
Impairment loss on listed investments	41,315	–
	=====	=====

5. INCOME TAX EXPENSE

Hong Kong Profits Tax has not been provided in the financial statements as the Group incurred losses for taxation purposes for the six months ended 30 June 2011 and 2010.

6. 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\$109,739,000 (2010: HK\$17,905,000) and the weighted average number of ordinary shares of 426,493,205 (2010 as restated: 23,738,633 shares) in issue during the Period.

The comparative amount of basic loss per share for 2010 has been adjusted to reflect the impact of share consolidation and rights issue after the interim period end of 2010.

As there were no dilutive potential ordinary shares, diluted loss per share was the same as basic loss per share in 2011 and 2010.

7. INVESTMENTS

		Unaudited 30 June 2011 <i>HK\$'000</i>	Audited 31 December 2010 <i>HK\$'000</i>
	<i>Note</i>		
Available-for-sale investments			
Equity investments, at fair value			
Listed in Hong Kong	7(ii)	<u>218,586</u>	<u>314,092</u>
Equity investments, at cost			
Unlisted in Hong Kong		36,058	36,058
Impairment loss		<u>(30,058)</u>	<u>(30,058)</u>
	7(iii)	<u>6,000</u>	<u>6,000</u>
Unlisted overseas		–	11,641
Impairment loss		–	<u>(8,531)</u>
		–	<u>3,110</u>
		<u>6,000</u>	<u>9,110</u>
Debt investments			
Unlisted in Hong Kong, at fair value		<u>3,600</u>	<u>3,600</u>
Total		228,186	326,802
Current portion		<u>(3,600)</u>	<u>(3,600)</u>
		<u>224,586</u>	<u>323,202</u>
Financial assets at fair value through profit or loss			
Held for trading			
Equity investments, at fair value			
Listed in Hong Kong		45,528	76,790
Listed overseas		<u>13,087</u>	<u>13,156</u>
		<u>58,615</u>	<u>89,946</u>
Designated upon initial recognition			
Debt investments			
Unlisted in Hong Kong		<u>37,000</u>	<u>44,702</u>
Total		<u>95,615</u>	<u>134,648</u>

Notes:

- (i) As at 30 June 2011, the carrying amount of the Group's interest in the shares or underlying shares 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	Proportion of nominal value of issued capital held by the Group
Rising Development Holdings Limited	Bermuda	Investment holding and trading in securities, manufacture and sale of fur garments, trading of fur skins and business of mining natural resources	Ordinary shares of HK\$0.01 each	2.52%
Chinese Estates Holdings Limited	Bermuda	Property investment and development, brokerage, securities investment, money lending and cosmetics distribution and trading	Ordinary shares of HK\$0.10 each	0.19%

- (ii) Available-for-sale investments

	Unaudited 30 June 2011 HK\$'000	Audited 31 December 2010 HK\$'000
Market value of equity securities listed in Hong Kong	218,586	314,092
Fair value of individually impaired available-for-sale equity securities (<i>Note</i>)	42,696	22,797

Note: At the end of the reporting period, the Group's available-for-sale equity securities were individually determined to be impaired on the basis of a significant or prolonged decline in their fair value below cost which indicated that the cost of the Group's investment in these items may not be recovered. Impairment losses on these investments were recognised in profit or loss in accordance with the accounting policy applied in preparing the Group's financial statements for the year ended 31 December 2010 as stated in note 2 to the consolidated financial statements.

- (iii) Fair value information has not been disclosed for these equity investments because the instruments are unlisted and their fair value cannot be measured reliably. The Group intends to hold these investments on a long-term basis.

8. OTHER PAYABLES AND ACCRUALS

	Unaudited 30 June 2011 <i>HK\$'000</i>	Audited 31 December 2010 <i>HK\$'000</i>
Due to securities brokers	7,097	6,863
Accruals and other payables	262	551
	<hr/>	<hr/>
	7,359	7,414
	<hr/> <hr/>	<hr/> <hr/>

Amount due to securities brokers represent margin loans arising from the trading of listed investments which are repayable on demand. No ageing analysis is disclosed in respect of accounts payable due to securities brokers. In the opinion of the directors, an ageing analysis does not give additional value in view of the Group's business nature.

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM DIVIDEND

The Board does not recommend any interim dividend for the Period (2010: Nil).

RESULTS

The Group recorded a net loss of approximately HK\$109,739,000 for the Period as compared to net loss of approximately HK\$17,905,000 in the corresponding period of last year. The net loss incurred by the Group for the Period was mainly attributable to realised loss on disposal of its listed investments held for trading and listed available-for-sale investments and unrealised loss on revaluation of its listed investments. Loss per share of the Company for the Period was HK\$0.26 as compared to loss per share of HK\$0.75 as restated for the same period in 2010.

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**") since 27 October 1999 pursuant to Chapter 21 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). During the Period under review, the principal activities of the Group remains engaged in the investments in listed companies in Hong Kong and other main stock markets around the world and also in unlisted companies.

Hong Kong economic growth recovered sharply and matched the high growth phase of pre-Lehman era, GDP growth rate indicated recovery trends, starting in Q1 FY2011, when it grew by 7.2% from 6.4% in Q4 FY2010. This recovery trend sustained and also strengthened in Q2 FY2011. The Hang Seng Index rebounded, increased nearly 4,000 points as compared to the last financial year. This was also accompanied by a sharp

pick-up in inflationary pressures, leading to Hong Kong Government adopting graduated tighten monetary policies. Despite the significant increase in the interest rates hike alert and also tight liquidity conditions, inflationary conditions have remained on the higher side. European Sovereign Debt Crisis and the earthquake in Japan bumped the worldwide financial market, making Hong Kong stock market seriously volatile.

2011 would be a year full of challenges for the Group. PRC government has implemented measures in order to cool down its economy and moderate its growth after several years of posting high GDP growth. Measures were implemented in the property sector in order to prevent property bubbles from developing and curbing speculation. Monetary policies also were tightened to combat growing inflation risk in the economy. These factors will continue to put pressure on the Hong Kong stock market performance. The Group will be actively seeking opportunities, evaluate potential investments and endeavor to explore further business diversification for our investment portfolio. The board will consider fundraising to strengthen its asset base as and when the opportunity arises.

During the Period under review, 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 2011 are as follows:

	Cost/ Market value/ Fair value HK\$'000	Percentage of the Group's consolidated net assets value
Available-for-sale investments	228,186	66.74%
Investments held for trading	95,615	27.96%

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

The Group financed its asset portfolio by internally generated cash resources and fund raising exercises. As at 30 June 2011, the net current assets of the Group amounted to approximately HK\$116,748,000 (*As at 31 December 2010: approximately HK\$148,385,000*) with cash and bank balances of approximately HK\$24,312,000 (*As at 31 December 2010: approximately HK\$3,852,000*).

There was no material change in available credit facilities when compared with the financial year ended 31 December 2010. As at 30 June 2011, the Group did not have unsecured, interest bearing short-term borrowings (*As at 31 December 2010: HK\$Nil*). The gearing ratio of the Group was increased to 2.11% as compared to 1.54% as at 31 December 2010 (calculated on basis of total liabilities divided by total assets), the

liabilities as at the Period ended was mainly comprised of utilised margin facilities amounted to approximately HK\$7,097,000 (*As at 31 December 2010: approximately HK\$6,863,000*). The Board believed that the use of margin facilities maintains flexibility and continuity of funding. Taking into account of the amount of assets on hand and available credit facilities, the Group has sufficient working capital for its ongoing operational requirements.

During the Period under review, the Company completed a subscription for 8,500,000 shares and approximately HK\$2.5 million net proceeds were received. The net proceeds were used for general working capital of the Group. 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 2011 was HK\$0.79 (*As at 31 December 2010: audited HK\$1.12*). The consolidated net assets value per share is calculated based on the net assets of the Group as at 30 June 2011 of approximately HK\$341,910,000 (*As at 31 December 2010: approximately HK\$473,982,000*) and the total number of 431,189,338 shares (*As at 31 December 2010: 422,689,338 shares*) in issue as at that date.

Charge of Assets

As at 30 June 2011, 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 2011, approximate amount of HK\$7,097,000 (*As at 31 December 2010: approximately HK\$6,863,000*) had been utilised against these facilities and the total carrying amount of the available-for-sale investments and investments held for trading charged to the securities brokers was approximately HK\$317,801,000 (*As at 31 December 2010: approximately HK\$452,340,000*).

Contingent Liabilities and Capital Commitments

As at 30 June 2011, the Group has no material contingent liabilities and capital commitments.

FOREIGN EXCHANGE EXPOSURE

As at 30 June 2011, the majority of the Group's investments were either denominated in Hong Kong dollars or Singapore dollars. The Board 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, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares.

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 elected as chairman of the Company 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 of the articles of association of the Company which was 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.

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**”) as 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.

EMPLOYEE AND REMUNERATION POLICIES

As at 30 June 2011, the Group had eleven employees, including four executive directors and three 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 approximately HK\$1,750,000 (2010: approximately HK\$1,518,000).

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 three independent non-executive directors, namely, 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) and the Company (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, 8 August 2011

As at the date of this announcement, the board of the Company comprises the following directors:

Executive directors:

Mr. KITCHELL Osman Bin
(Chairman and Chief Executive Officer)
Mr. CHAN Yin David *(Vice Chairman)*
Ms. DAVIS Angela Hendricks
Ms. CHOI Ka Wing

Independent non-executive directors:

Mr. CHUNG Kong Fei, Stephen
Mr. TSANG Wing Ki
Mr. NGAI Wai Kin