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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 2014

The board of directors (the “Board”) of Unity Investments Holdings Limited (the “Company”) would like 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 2014 (the “Period”). The interim results for the Period are unaudited, but have been reviewed by the Company’s auditor, Mazars CPA Limited, and the Company’s Audit Committee. The Board has approved the unaudited condensed consolidated financial statements of the Company for the six months interim period ended 30 June 2014.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2014

		Unaudited	
		Six months ended 30 June	
		2014	2013
	<i>Note</i>	HK\$’000	HK\$’000
Turnover	2	51,607	(3)
Other revenue	2	2,583	4,551
Changes in fair value of listed equity investments classified under investments held for trading		62,505	(31,981)
Realised gain on disposal of listed equity investments classified under available-for-sale investments		137,434	1,567
Other operating expenses		(8,764)	(6,994)
Finance costs		(696)	(87)
Profit (Loss) before tax	4	244,669	(32,947)
Income tax expense	5	–	–
Profit (Loss) for the Period attributable to equity holders of the Company		244,669	(32,947)

	Unaudited	
	Six months ended 30 June	
	2014	2013
<i>Note</i>	HK\$'000	HK\$'000
Other comprehensive (loss) income		
<i>Items that are or may be reclassified to profit or loss:</i>		
Changes in fair value of available-for-sale investments	28,387	30,261
Realisation upon disposal of available-for-sale investments	(137,434)	(1,567)
	<u>(109,047)</u>	<u>28,694</u>
Other comprehensive (loss) income for the Period		
	<u>(109,047)</u>	<u>28,694</u>
Total comprehensive income (loss) for the Period attributable to equity holders of the Company	<u>135,622</u>	<u>(4,253)</u>
		<i>(Restated)</i>
Earnings (Loss) per share		
Basic and Diluted	6	
	<u>HK\$0.21</u>	<u>HK\$(0.03)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

		Unaudited	Audited
		30 June	31 December
		2014	2013
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		1,168	1,117
Available-for-sale investments	7	401,545	355,213
		<hr/> 402,713	<hr/> 356,330
Current assets			
Financial assets at fair value through profit or loss	7	191,548	192,428
Deposits and prepayments		290	501
Due from securities brokers	8	3,918	–
Bank balances and cash		74,717	16,926
		<hr/> 270,473	<hr/> 209,855
Current liabilities			
Other payables and accruals		319	385
Due to securities broker		–	8,555
Interest-bearing borrowing		–	20,000
		<hr/> 319	<hr/> 28,940
Net current assets		<hr/> 270,154	<hr/> 180,915
NET ASSETS		<hr/> 672,867	<hr/> 537,245
Capital and reserves			
Share capital		2,328	2,328
Reserves		670,539	534,917
TOTAL EQUITY		<hr/> 672,867	<hr/> 537,245

Notes:

1. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2014 (the “Period”) have been prepared in accordance with Hong Kong Accounting Standard 34 “*Interim Financial Reporting*” (“HKAS 34”) 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”).

The preparation of interim financial statements in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

These unaudited interim condensed consolidated 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 2013. They have been prepared on the historical cost basis, except for financial assets at fair value through profit or loss and available-for-sale investments in listed securities, which are measured at fair value.

The accounting policies and methods of computation applied in preparation of these unaudited interim condensed consolidated financial statements are consistent with those applied in preparing the Group’s financial statements for the year ended 31 December 2013. The HKICPA has issued a number of new Hong Kong Financial Reporting Standards (“HKFRSs”) and amendments to HKFRSs that are first effective for the current Period. Of these, the following developments are relevant to the Group’s financial statements:

Amendments to HKAS 27 (2011), HKFRS 10 and HKFRS 12, *Investment Entities*
Amendments to HKAS 32, *Presentation – Offsetting Financial Assets and Financial Liabilities*
Amendments to HKAS 39, *Novation of Derivatives and Continuation of Hedge Accounting*
HK(IFRIC) – Int 21, *Levies*

The adoption of these new/revised HKFRSs 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 2014 are as follows:

	Unaudited	
	Six months ended 30 June	
	2014	2013
	HK\$’000	HK\$’000
Turnover		
Results from the sale of listed investments classified under investments held for trading	51,607	(3)
Other revenue		
Dividend income from listed investments	1,863	4,551
Other income	720	–
	2,583	4,551
Total revenue	54,190	4,548

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 Six months ended 30 June 2014 HK\$'000	2013 HK\$'000	Unaudited 30 June 2014 HK\$'000	Audited 31 December 2013 HK\$'000
Hong Kong	<u>54,190</u>	<u>4,548</u>	<u>1,168</u>	<u>1,117</u>

4. PROFIT (LOSS) BEFORE TAX

	Unaudited Six months ended 30 June	
	2014 HK\$'000	2013 HK\$'000

This is stated after charging (crediting):

Depreciation	380	405
Staff cost, including directors' emoluments	3,625	2,181
Operating lease charges in respect of:		
land and buildings	420	420
hire of machinery	59	59
	<u> </u>	<u> </u>
Disclosures pursuant to Rule 21.12(1)(c) of the Listing Rules		
Realised gain on disposal of listed investments	(189,041)	(1,564)
Unrealised (gain) loss on listed investments	(62,505)	31,981
	<u> </u>	<u> </u>

5. INCOME TAX EXPENSE

Hong Kong Profits Tax has not been provided for the Period as the estimated assessable profits of the Group was wholly absorbed by unrelieved tax losses brought forward from previous years. For the six months period ended 30 June 2013, Hong Kong Profits Tax had not been provided as the Group incurred losses for taxation purposes.

6. EARNINGS (LOSS) PER SHARE

The calculation of basic earnings (2013: loss) per share is based on the Group's profit (2013: loss) attributable to equity holders for the Period of HK\$244,669,000 (2013: loss of HK\$32,947,000) and the weighted average number of ordinary shares of 1,164,211,205 (2013 as restated: 1,004,480,570) in issue during the Period. The comparative amount of basic loss per share for 2013 has been adjusted to reflect the impact of share subdivision effected after the interim period end of 2013.

As there were no dilutive potential ordinary shares, diluted earnings (loss) per share was the same as basic earnings (loss) per share in 2014 and 2013.

7. INVESTMENTS

		Unaudited 30 June 2014 HK\$'000	Audited 31 December 2013 HK\$'000
	<i>Note</i>		
Available-for-sale investments			
Equity investments, at fair value			
Listed in Hong Kong	7(ii)	143,021	314,689
Equity investments, at cost			
Unlisted	7(iii)	258,524	40,524
Total		401,545	355,213
Financial assets at fair value through profit or loss			
Held for trading			
Equity investments, at fair value			
Listed in Hong Kong		174,265	177,048
Listed overseas		17,283	15,380
Total		191,548	192,428

Notes:

- (i) As at 30 June 2014, the carrying amount of the Group's interest in the shares or underlying shares in the following companies 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
Listed company				
Heritage International Holdings Limited	Bermuda	Property investment, investments in securities, money lending, investment holding, Chinese medicine clinic operations and management of the forestlands	Ordinary shares of HK\$0.001 each	4.97%
Unlisted company				
Keen Champ Investments Limited	British Virgin Islands	Investment holding and management of the forestland	Ordinary shares of US\$1 each	16.00%
Starfame Investments Limited	British Virgin Islands	Investment holding and wholesale and distribution of products encompassing various aspects of production and livelihood	Ordinary shares of US\$1 each	29.70%

(ii) **Available-for-sale investments**

	Unaudited 30 June 2014 HK\$'000	Audited 31 December 2013 HK\$'000
Market value of equity securities listed in Hong Kong	143,021	314,689
Fair value of individually impaired available-for-sale equity securities (<i>Note</i>)	36,145	54,708

Note:

At the end of the reporting period, certain of 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 2013 as stated in note 2 to such 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. DUE FROM SECURITIES BROKERS

At the Period end date, the amount due from securities brokers were not yet due.

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM DIVIDEND

The Board has resolved to propose a bonus issue (the “Bonus Issue”) of four (4) bonus shares (the “Bonus Shares”) for every one (1) existing ordinary share held by the shareholders of the Company whose names appear on the register of members on a record date to be determined. The proposed Bonus Issue is conditional upon (i) the passing of ordinary resolution by shareholders of the Company in the extraordinary general meeting of the Company in relation to the Bonus Issue; and (ii) the Listing Committee of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) granting the listing of, and permission to deal in, the Bonus Shares. Please refer to the circular to be despatched to the shareholders of the Company in accordance with the Listing Rules for further details of the proposed Bonus Issue.

RESULTS

The Group recorded a net profit of approximately HK\$244,669,000 for the Period as compared to net loss of approximately HK\$32,947,000 in the corresponding period of last year. The net profit incurred by the Group for the Period was mainly attributable to realised gain on disposal of listed securities and fair value gain on listed investments at fair value through profit and loss. Earnings per share of the Company for the Period was HK\$0.21 as compared to loss per share of HK\$0.03 as restated for the same period in 2013.

BUSINESS REVIEW AND PROSPECTS

The Company is an investment company and its shares are listed on the Main Board of 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 Group remains principally engaged in listed investments in Hong Kong, other major stock markets around the world, and in unlisted companies to achieve medium-term or long-term capital appreciation.

The classification of investment portfolio of the Group as at 30 June 2014 are as follows:

	Market value/ Cost <i>HK\$'000</i>	Approximate percentage of the Group's consolidated net assets value
Available-for-sale investments	401,545	60%
Financial assets at fair value through profit or loss	191,548	28%

The US Federal Reserve continue to taper to US\$10 billion from its quantitative easing program at each FOMC meeting during the first half of 2014, and expects to end the whole program in October 2014 if the economy progresses as the Fed foresees. Fed Chairperson, Janet Yellen, said if the labour market continues to improve more quickly than anticipated, then increases in the federal funds rate target likely would occur sooner and be more rapid than currently envisioned. The street expects the rate will not hike until second half of 2015.

In June 2014, the European Central Bank (“ECB”) continued to cut its refinancing rate by 10 basis points to a 0.15% historic low and made an unprecedented move to cut its deposit rate. It pays banks for parking funds with it overnight into negative territory at -0.1%. The ECB President, Mario Draghi, said the above steps should help push annual inflation which is currently at 0.5% and far below the ECB target of 2% to gradually higher and also encourage the banks to lend money to small and medium companies with relatively cheap funding until 2018.

In order to achieve the 7.5% GDP growth target in 2014, the Chinese government are implementing mini-stimulus plans in the first half of 2014, including: (a) increase railway infrastructure capex by RMB80 billion to RMB800 billion; (b) PBoC has cut the RRR for rural commercial banks and banks with new loans to farm sector exceeded 50% of total new lending for 2014; and (c) partial relaxation on home purchase restriction on certain provinces and cities.

After the end of a quantitative easing program in the last quarter of this year, there is a risk of an early rate hike before mid-2015, in order to tackle the hidden inflation risk in the US. Additionally, withdrawing excess liquidity may affect the US economy recovery pace and thus increase the uncertainty of investment environment in the second half of this year. Therefore, the board will continue to monitor the market dynamics and adopt a conservative approach on investment, so as to further enhance value for our shareholders.

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

The Group’s asset portfolio was mainly financed by internally generated cash resources and fund raising activities. As at 30 June 2014, net current assets of the Group amounted to approximately HK\$270,154,000 (*As at 31 December 2013: approximately HK\$180,915,000*) with cash and bank balances of approximately HK\$74,717,000 (*As at 31 December 2013: approximately HK\$16,926,000*).

The unaudited consolidated net asset value per share of the Company as at 30 June 2014 was HK\$0.58 (*As at 31 December 2013: audited HK\$2.31*). The consolidated net assets value per share is calculated based on the net assets of the Group as at 30 June 2014 of approximately HK\$672,867,000 (*As at 31 December 2013: approximately HK\$537,245,000*) and the total number of 1,164,211,205 shares (*As at 31 December 2013: 232,842,241 shares*) in issue as at that date.

There was no material change in available credit facilities when compared to the financial year ended 31 December 2013. The gearing ratio of the Group was 0.05% as at 30 June 2014 (*As at 31 December 2013: 5.11%*), which is calculated based on the Group’s total liabilities divided by its total assets. Considering the amount of liquid assets on hand and available short-term or margin loan facilities, the Group has sufficient working capital to meet its ongoing operational requirements.

On 24 February 2014, the Company proposed to implement a share subdivision on the basis that each issued and unissued share of the Company with a par value of HK\$0.01 each in the share capital of the Company be subdivided into five subdivided shares of HK\$0.002 each (the “Share Subdivision”). The Share Subdivision was approved by the shareholders of the Company at the extraordinary general meeting held on 3 June 2014 and was effective on 4 June 2014.

The Board has been actively seeking fund raising opportunities to strengthen the Company’s financial position.

Charge of Assets and Margin Facilities

As at 30 June 2014, 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 2014, amount of HK\$Nil (*As at 31 December 2013: HK\$8,555,000*) 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 HK\$334,569,000 (*As at 31 December 2013: HK\$507,117,000*).

Contingent Liabilities and Capital Commitments

As at 30 June 2014, the Group has no material contingent liabilities and capital commitments.

FOREIGN EXCHANGE EXPOSURE

As at 30 June 2014, 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 listed securities of the Company.

CORPORATE GOVERNANCE

The Company has complied with the code provisions set out in the Corporate Governance Code (the "CG Code") stipulated in Appendix 14 of the Listing Rules throughout the Period, save and except for code provision A.2.1, A.4.1 and A.6.7, details of which are summarised and explained below.

Code provision A.2.1 stipulates that the roles of chairman and chief executive should be separate 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 roles of the chairman and chief executive officer of the Company. Mr. KITCHELL Osman Bin possesses essential leadership skills and has extensive knowledge of the Group's business. The Board is of the view vesting the roles of a chairman and chief executive officer in the same person provides the Group with strong and consistent leadership, allows for more effective and efficient business planning and decision-making 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, subject to re-election. The Company has not fixed the term of appointment for non-executive directors, which constitutes a deviation from code provision A.4.1. 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 Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the CG Code.

Code provision A.6.7 stipulates that independent non-executive directors and other non-executive directors, as equal board members, should attend general meetings and develop a balanced understanding of the views of shareholders. Mr. CHUNG Kong Fei, Stephen, an independent non-executive director of the Company, was unable to attend the extraordinary general meeting of the Company held on 3 June 2014 due to other business engagements.

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

DIRECTORS' SECURITIES TRANSACTIONS

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 as the code of conduct regarding securities transactions by the directors of the Company. Upon specific enquiry by the Company, all directors of the Company have confirmed that they complied with the required standards as set out in the Model Code throughout the Period.

EMPLOYEE AND REMUNERATION POLICIES

As at 30 June 2014, the Group has sixteen 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. Employee benefits include medical insurance coverage, a defined contribution Mandatory Provident Fund retirement benefits scheme under Mandatory Provident Fund Schemes Ordinance of Hong Kong and share option scheme. There has been no significant change in the Group's remuneration policy.

AUDIT COMMITTEE

The Audit Committee and management of the Company has reviewed 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 is comprised of all independent non-executive directors, namely, Mr. CHUNG Kong Fei, Stephen, Mr. TSANG Wing Ki and Mr. NGAI Wai Kin. Mr. NGAI Wai Kin is the chairman of the Audit Committee.

PUBLICATION OF INTERIM 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 Group's management team and staff for their contribution during the Period. I would also like 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, 25 August 2014

As at the date of this announcement, the Board of the Company comprises:

Executive directors:

Mr. KITCHELL Osman Bin
(Chairman and Chief Executive Officer)
Ms. CHOI Ka Wing
Mr. SHIMAZAKI Koji

Independent non-executive directors:

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