



# 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)

## ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2008

### RESULTS

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 2008 (the “Period”). The results have been reviewed by the Company’s auditors, Mazars CPA Limited, and the Company’s Audit Committee.

### CONDENSED CONSOLIDATED INCOME STATEMENT

*For the six months ended 30 June 2008*

		Unaudited	
		Six months ended 30 June	
		2008	2007
	Note	HK\$'000	HK\$'000
<b>Turnover</b>	2	<b>109,451</b>	404,301
Other revenue	2	<b>1,365</b>	1,480
Cost of sales		<b>(98,176)</b>	(364,714)
Realised (loss) gain on disposal of available-for-sale investments		<b>(48,242)</b>	14,553
Unrealised (loss) gain on investments held for trading		<b>(17,319)</b>	64,315
Unrealised loss on derivative financial instruments		<b>(3,600)</b>	–
Other operating expenses, net		<b>(5,084)</b>	(4,210)
Finance costs		<b>(989)</b>	(635)
<b>(Loss) Profit before taxation</b>	3	<b>(62,594)</b>	115,090
Taxation	4	–	(15,000)
<b>(Loss) Profit for the period</b>		<b>(62,594)</b>	100,090
<b>(Loss) Profit attributable to equity holders</b>		<b>(62,594)</b>	100,090
			<i>(Restated)</i>
<b>(Loss) Earnings per share – Basic</b>	5	<b>HK\$(0.43)</b>	HK\$5.57
<b>Earnings per share – Diluted</b>	5	<b>N/A</b>	HK\$5.54

## CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2008

		Unaudited At 30 June 2008 HK\$'000	Audited At 31 December 2007 HK\$'000
	<i>Note</i>		
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		296	1,430
Available-for-sale investments	6	287,510	280,992
		<u>287,806</u>	<u>282,422</u>
<b>Current assets</b>			
Investments held for trading	6	83,033	150,550
Deposits, prepayments and other receivables	7	29,756	5,220
Bank balances and cash		7,108	9,732
		<u>119,897</u>	<u>165,502</u>
<b>Current liabilities</b>			
Other payables and accruals		387	865
Short-term borrowings, unsecured		–	25,000
Derivative financial instruments	8	8,858	5,258
		<u>9,245</u>	<u>31,123</u>
<b>Net current assets</b>		<u>110,652</u>	<u>134,379</u>
<b>NET ASSETS</b>		<u><u>398,458</u></u>	<u><u>416,801</u></u>
<b>Capital and reserves</b>			
Share capital		187,896	313,160
Reserves		210,562	103,641
<b>TOTAL EQUITY</b>		<u><u>398,458</u></u>	<u><u>416,801</u></u>

*Notes:*

**1. BASIS OF PREPARATION**

The unaudited interim financial statements for the six months ended 30 June 2008 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 the applicable disclosure requirements of Appendix 16 of 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 2007. They have been prepared on the historical cost basis, except for available-for-sale investments, investments held for trading and derivative financial instruments, 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 2007. 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.

The Group has not early adopted any new and revised HKFRS that have been issued but are not yet effective for the current accounting 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 their impact on its 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 2008 are as follows:

	Unaudited	
	Six months ended 30 June	
	2008	2007
	HK\$'000	HK\$'000
<b>Turnover</b>		
Proceeds from sale of investments held for trading	<u>109,451</u>	<u>404,301</u>
<b>Other revenue</b>		
Dividend income – listed investments	1,144	1,049
Exchange gain	165	–
Interest income	46	431
Others	<u>10</u>	<u>–</u>
	<u>1,365</u>	<u>1,480</u>
<b>Total revenue</b>	<u><u>110,816</u></u>	<u><u>405,781</u></u>

## 3. (LOSS) PROFIT BEFORE TAXATION

	Unaudited	
	Six months ended 30 June	
	2008	2007
	HK\$'000	HK\$'000
This is stated after charging (crediting):		
Depreciation	190	440
Gain on disposal of property, plant and equipment	(402)	–
Staff cost, including directors' emoluments	1,120	1,031
Operating lease charges in respect of land and buildings	<u>236</u>	<u>215</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 2008. Hong Kong Profits Tax has been provided at the rate of 17.5% on the Group's estimated assessable profits for the corresponding period in 2007.

#### **5. (LOSS) EARNINGS PER SHARE**

The calculation of basic loss (*2007: earnings*) per share is based on the Group's loss attributable to equity holders for the Period of HK\$62,594,000 (*2007: profit of HK\$100,090,000*) and the weighted average number of ordinary shares of 145,198,327 (*2007 as restated: 17,974,768 shares*) in issue during the Period.

No diluted loss per share is presented for the current period of 2008 as there were no potential ordinary shares in issue. The calculation of diluted earnings per share for the period of 2007 is based on the profit attributable to equity holders of HK\$100,090,000 and 18,055,582 shares (restated) which is the weighted average number of ordinary shares in issue during the period of 2007 adjusted for the number of dilutive potential shares under the share option scheme.

The comparative amounts of the basic and diluted earnings per share for 2007 has been restated to reflect the impact of the share consolidation and the rights issue effected during the current Period.

## 6. INVESTMENTS

		<b>Unaudited</b>	Audited
		<b>At 30 June</b>	At 31 December
		<b>2008</b>	2007
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Available-for-sale investments</b>			
Equity investments:			
Listed in Hong Kong	(i)	<b>282,280</b>	275,764
Listed overseas		<b>5,230</b>	5,228
		<u><b>287,510</b></u>	<u>280,992</u>
Unlisted in Hong Kong		<b>23,000</b>	23,000
Impairment loss		<b>(23,000)</b>	(23,000)
		<u>—</u>	<u>—</u>
		<u><b>287,510</b></u>	<u>280,992</u>
<b>Investments held for trading</b>			
Equity investments:			
Listed in Hong Kong		<b>21,344</b>	81,222
Listed overseas	(ii)	<b>61,689</b>	69,328
		<u><b>83,033</b></u>	<u>150,550</u>

*Note:*

- (i) As at 30 June 2008, the carrying amount of the Group's shareholding in the following Hong Kong listed company exceeded 10% of the total assets of the Group.

<b>Name</b>	<b>Place of incorporation</b>	<b>Principal activities</b>	<b>Particulars of issued share capital</b>	<b>Interest held</b>
eSun Holdings Ltd	Bermuda	Development and operation and investment in media, entertainment, music production and distribution, production, investment in and distribution of film and video format products, provision of advertising agency services and sale of cosmetic products	Ordinary shares of HK\$0.50 each	3.47%

- (ii) As at 30 June 2008, the carrying amount of the Group's shareholding in the following Taiwan Company exceeded 20% of the total issued shares of the investee company.

<b>Name</b>	<b>Place of incorporation</b>	<b>Principal activities</b>	<b>Particulars of issued share capital</b>	<b>Interest held</b>
Universal Technology Systems Inc. ("Universal")	Taiwan	System solutions and integrations, sourcing of computer softwares and hardwares	Ordinary shares of NTD10 each	29.96%

- (a) Universal is not considered as an associate of the Group as the Group has no significant influence over its financial and operating policy decision.
- (b) A director of Universal had an option to purchase certain of these investments subject to certain conditions. However, the option had not been exercised during the 5 days' exercisable period and was lapsed in January 2008.

## 7. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	<b>Unaudited</b>	Audited
	<b>At 30 June</b>	At 31 December
	<b>2008</b>	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Deposits and prepayments	1,775	530
Other receivables	27,981	4,690
	<u>29,756</u>	<u>5,220</u>
	<b><u>29,756</u></b>	<b><u>5,220</u></b>

## 8. DERIVATIVE FINANCIAL INSTRUMENTS

	<b>Unaudited</b>	Audited
	<b>At 30 June</b>	At 31 December
	<b>2008</b>	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Forward contracts:		
Listed equity investments	8,858	5,173
Foreign currencies	–	85
	<u>8,858</u>	<u>5,258</u>
	<b><u>8,858</u></b>	<b><u>5,258</u></b>

*Note:*

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



## MANAGEMENT DISCUSSION AND ANALYSIS

### INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the Period (2007: Nil).

### BUSINESS REVIEW AND PROSPECTS

#### Operation Review

The Company is an investment company under Chapter 21 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). Its principal activities remain engaging in the investments in listed securities in Hong Kong and other main stock market around the world and also in unlisted companies.

#### Results Review

The Group reported a net loss of approximately HK\$62,594,000 resulting from realised and unrealised losses of its listed available-for-sale investments and investments held for trading, respectively, for the six months ended 30 June 2008 as compared to the net profit of approximately HK\$100,090,000 arising from such fair value changes recorded by the Group for the corresponding period ended 30 June 2007. Such loss is a result of the recent downturn of the equity market, most of the Group’s listed share investments have followed the market corrections and have undergone a downward adjustment.

The proceeds from sale of trading securities decreased to approximately HK\$109,451,000, representing a 72.93% decrease compared to that of the corresponding period in 2007.

The Group’s portfolio of investment assets as at 30 June 2008 comprises securities in Hong Kong, Singapore, Taiwan, United Kingdom and United States and the breakdown are as follows:

	Market Value					Total	Percentage of consolidated net assets value
	Hong Kong	Singapore	Taiwan	United Kingdom	United States		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Available-for-sale investments	282,280	–	–	5,230	–	287,510	72.16%
Investments held for trading	21,344	21,830	12,316	–	27,543	83,033	20.84%

## **Liquidity and Capital Resources**

As at 30 June 2008, the Group's gearing ratio was 2.27% (*As at 31 December 2007: 6.95%*), which is calculated on the Group's total liabilities divided by its total assets. As at 30 June 2008, the Group had no unsecured, interest bearing short-term borrowings (*As at 31 December 2007: HK\$25 million*), which, when related to the Group's total equity of HK\$398 million (*As at 31 December 2007: HK\$417 million*). The Board believed that the Company has sufficient working capital for its operations.

The consolidated net asset value per share of the Group as at 30 June 2008 was HK\$0.21 (*As at 31 December 2007: HK\$0.13*). The consolidated net asset value per share is calculated based on the net assets of the Group as at 30 June 2008 of HK\$398,458,000 (*As at 31 December 2007: HK\$416,801,000*) and the total number of 1,878,957,370 shares (*As at 31 December 2007: 3,131,595,629 shares*) in issue as at that date.

As at 30 June 2008, the Company had retained cash of approximately HK\$7,108,000 (*As at 31 December 2007: HK\$9,732,000*). As most of the retained cash was placed in Hong Kong dollars with the banks in Hong Kong, exposure to exchange fluctuation is considered not significant.

During the Period under review, the Company completed a rights issue in June 2008. With the funds generated from successful rights issue, the Board continues to seize appropriate investment opportunities not only in Hong Kong, United States, but also the market around the world.

## **Contingent Liabilities**

The Group has no material contingent liabilities as at the balance sheet date.

## **Pledge of Assets**

As at 30 June 2008, margin facilities from 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 2008, nil amount (*As at 31 December 2007: HK\$131,142*) 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 HK\$291,696,548 (*As at 31 December 2007: HK\$265,520,798*).

## **Prospects**

2008 is shaping up as a challenging year for Asia and the rest of the world. Activity in most economies remains fairly buoyant, but growth in the United States (“US”) and, to a lesser extent, Europe is slowing sharply. The slowdown has been greatest in the advanced economies, particularly in the US, where the sub-prime crisis and the housing market correction has materially affected the financial stability and the strength of the financial sector in the US. As a result, the US economy is projected to tip into mild recession in 2008, despite the substantial monetary and fiscal support that is now in train. Financial market conditions around the world are likely to remain extremely difficult until there is greater clarity about the extent and distribution of losses on structured securities, until core financial institutions are able to rebuild capital and strengthen their balance sheets, until the framework for structured finance and related investment vehicles is made more robust, and until the risk of widespread deleveraging and associated asset declines is more clearly contained.

Despite of slowing economic growth, central banks’ abilities in cutting interest rates to stimulate the global economy have been capped by higher oil price fueling inflation. Even though oil price has since weakened in July due to less speculative trading in the commodities market and possible increase in daily production of the OPEC countries; we consider that the softer oil price is a temporary phenomenon. Meanwhile, issues relating to the uncertain political environment in the Middle East and the potential increase in consumption for heating oil as the Northern hemisphere approaches Winter have re-surfaced, halting the recent drop in the oil price. Oil price should therefore remain at high level and continue to be a key factor influencing the global capital market. As for China, the continuation of the austerity measures and the non-tradable A-share reform has cast a shadow over China’s A-share market, which has in turn influence the sentiment of the Hong Kong stock market.

In view of the captioned factors, the Group believes the second half of 2008 will continue to be challenging for us, we will continue to explore different fundraising opportunities in order to maintain our strong financial flexibility and investment ability, look for appropriate investment opportunities to expand and diversify our portfolio.

## **FOREIGN EXCHANGE EXPOSURE**

As at 30 June 2008, the majority of the Group’s investments were either denominated in Hong Kong dollars or United States 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 of the Hong Kong Limited (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 <i>HK\$</i>
		Highest	Lowest	
		<i>HK\$</i>	<i>HK\$</i>	
25 February 2008	9	0.048	0.048	0.43
20 June 2008	2	0.065	0.065	0.13

Save as disclosed herein, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's ordinary shares during the Period (2007: Nil).

## 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 separate and should not be performed by the same individual. Mr. KITCHELL Osman Bin was appointed as chairman and took the role of the chairman and chief executive officer of the Company following the resignation of Mr. CHUNG Wilson as an executive director and chairman of the Company on 16 January 2008. 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 2008, the Group had 9 employees, including 3 executive directors and 3 independent non-executive directors. The remuneration package of the Group is generally periodically reviewed, marking reference to current legislation, performance appraisals and other relevant factors.

The total remuneration cost incurred by the Group for the Period was HK\$1,120,000 (2007: HK\$1,031,000).

## **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 auditors, Mazars CPA Limited, have 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, Mr. CHUNG Kong Fei, Stephen, Mr. TSANG Wing Ki, Ms. SWARTZ Kristi Lynn and Mr. NGAI Wai Kin.

## **PUBLICATION OF INTERIM 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**

The Board would like to take this opportunity to express our appreciation to the staff and management team of the Group for their contribution during the 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, 19 September 2008

*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.*