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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 2012

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 2012 (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 Group for the six months interim period ended 30 June 2012.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2012

	<i>Note</i>	Unaudited	
		Six months ended 30 June	
		2012	2011
		HK\$’000	HK\$’000
Turnover	2	7,140	(18,978)
Other revenue	2	2,067	2,803
Gain on redemption of unlisted debt investment classified under available-for-sale investments		–	1,526
Changes in fair value of listed equity investments classified under investments held for trading		(18,802)	(37,244)
Realised loss on disposal of listed investments classified under available-for-sale investments		(41,952)	(10,331)
Impairment of listed equity investments classified under available-for-sale investments		(28,250)	(41,315)
Other operating expenses		(8,318)	(5,717)
Finance costs		(919)	(483)

		Unaudited	
		Six months ended 30 June	
		2012	2011
	<i>Note</i>	HK\$'000	HK\$'000
Loss before tax	4	(89,034)	(109,739)
Income tax expense	5	—	—
Loss for the period attributable to equity holders of the Company		(89,034)	(109,739)
Other comprehensive income (loss)			
Changes in fair value of available-for-sale investments		(49,904)	(76,486)
Realisation upon disposal of available-for-sale investments		41,952	10,331
Transfer to profit or loss upon impairment of available-for-sale investments		28,250	41,315
Other comprehensive income (loss) for the period		20,298	(24,840)
Total comprehensive loss for the period attributable to equity holders of the Company		(68,736)	(134,579)
			<i>(Restated)</i>
Loss per share			
Basic and Diluted	6	HK\$(0.09)	HK\$(0.26)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2012

		Unaudited	Audited
		30 June	31 December
		2012	2011
	<i>Note</i>	HK\$'000	HK\$'000
Non-current assets			
Property, plant and equipment		617	315
Available-for-sale investments	7	154,010	166,693
		<u>154,627</u>	<u>167,008</u>
Current assets			
Financial assets at fair value through profit or loss	7	69,002	90,143
Other receivables		827	1,596
Bank balances and cash		979	1,414
		<u>70,808</u>	<u>93,153</u>
Current liabilities			
Other payables and accruals		892	1,661
Due to securities brokers	8	25,969	22,865
Interest-bearing borrowing		–	50,000
		<u>26,861</u>	<u>74,526</u>
Net current assets		<u>43,947</u>	<u>18,627</u>
NET ASSETS		<u>198,574</u>	<u>185,635</u>
Capital and reserves			
Share capital		12,936	4,312
Reserves		185,638	181,323
TOTAL EQUITY		<u>198,574</u>	<u>185,635</u>

Notes:

1. BASIS OF PREPARATION

The unaudited interim financial statements for the six months ended 30 June 2012 (the “**Period**”) have been prepared in accordance with Hong Kong Accounting Standard 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 2011. 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 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 2011. The adoption of the new/revised Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards 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 2012 are as follows:

	Unaudited Six months ended 30 June	
	2012 HK\$'000	2011 HK\$'000
Turnover		
Results from the sale of listed investments classified under investments held for trading	(860)	(18,978)
Results from the sale of unlisted debt investments classified under investments held for trading	8,000	–
	<u>7,140</u>	<u>(18,978)</u>
Other revenue		
Dividend income from listed investments	427	439
Interest income	–	40
Gain on disposal of property, plant and equipment	–	533
Other income	1,640	1,791
	<u>2,067</u>	<u>2,803</u>
Total revenue	<u><u>9,207</u></u>	<u><u>(16,175)</u></u>

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 2012 HK\$'000	2011 HK\$'000	Unaudited 30 June 2012 HK\$'000	Audited 31 December 2011 HK\$'000
Hong Kong	<u>9,207</u>	<u>(16,175)</u>	<u>617</u>	<u>315</u>

4. LOSS BEFORE TAX

Unaudited Six months ended 30 June	
2012 HK\$'000	2011 HK\$'000

This is stated after charging (crediting):

Depreciation	173	988
Staff cost, including directors' emoluments	2,184	1,750
Operating lease charges in respect of:		
land and buildings	436	452
hire of machinery	48	46
	<u>42,812</u>	<u>29,309</u>
Disclosures pursuant to Rule 21.12(1)(c) of the Listing Rules		
Realised loss on disposal of listed investments	42,812	29,309
Realised surplus on unlisted investments	(8,000)	(1,526)
Unrealised loss on listed investments	18,802	37,244
Impairment loss on listed investments	28,250	41,315
	<u>42,812</u>	<u>29,309</u>

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 2012 and 2011.

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\$89,034,000 (2011: HK\$109,739,000) and the weighted average number of ordinary shares of 1,023,482,385 (2011 as restated: 426,493,205) in issue during the Period. The comparative amount of basis loss per share for 2011 has been adjusted to reflect the impact of rights issue effected after the interim period end of 2011.

As there were no dilutive potential ordinary shares, diluted loss per share was the same as basic loss per share in 2012 and 2011.

7. INVESTMENTS

	<i>Note</i>	Unaudited 30 June 2012 HK\$'000	Audited 31 December 2011 HK\$'000
Available-for-sale investments			
Equity investments, at fair value			
Listed in Hong Kong	7(ii)	<u>148,010</u>	<u>160,693</u>
Equity investments, at cost			
Unlisted		<u>11,058</u>	36,058
Impairment loss		<u>(5,058)</u>	(30,058)
	7(iii)	<u>6,000</u>	<u>6,000</u>
Total		<u>154,010</u>	<u>166,693</u>
Financial assets at fair value through profit or loss			
Held for trading			
Equity investments, at fair value			
Listed in Hong Kong		<u>57,784</u>	48,458
Listed overseas		<u>11,218</u>	7,685
		<u>69,002</u>	<u>56,143</u>
Designated upon initial recognition			
Debt investments			
Unlisted		<u>–</u>	34,000
Total		<u>69,002</u>	<u>90,143</u>

Notes:

- (i) As at 30 June 2012, 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
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%
Carnival Group International Holdings Limited	Bermuda	Property investment, retail-related consultancy and management services, and trading and investment business	Ordinary shares of HK\$0.20 each	2.42%

(ii) Available-for-sale investments

	Unaudited 30 June 2012 HK\$'000	Audited 31 December 2011 HK\$'000
Market value of equity securities listed in Hong Kong	<u>148,010</u>	<u>160,693</u>
Fair value of individually impaired available-for-sale equity securities (<i>Note</i>)	<u>55,780</u>	<u>79,078</u>

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 2011 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. DUE TO SECURITIES BROKERS

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.

9. EVENTS AFTER THE INTERIM PERIOD END

At the extraordinary general meeting of the Company held on 17 May 2012, a special resolution in respect of the capital reorganisation has been approved by the shareholders. The capital reorganisation includes share consolidation of every eight existing issued shares of HK\$0.01 each into one consolidated share of par value of HK\$0.08 (the "Share Consolidation"), immediately following the Share Consolidation, the total number of consolidated shares in the issued share capital of the Company be rounded down to the nearest whole number and the paid-up capital of each consolidated share be reduced from HK\$0.08 to HK\$0.01 by cancelling capital paid up or credited as paid up to the extent of HK\$0.07 per consolidated share so as to form a new share of HK\$0.01, and the credit arising from the capital reduction and the amount standing to the credit of the existing distributable capital reduction reserve account of the Company will be applied to reduce the accumulated losses of the Company.

The Cayman court had approved the capital reduction of the Company at a hearing on 9 August 2012 (Cayman time) and the capital reorganisation will take effect following the registration of the Cayman court order confirming the capital reduction and the minute approved by the Cayman court with the Registrar of Companies of the Cayman Islands, which is expected to be after 4:00 p.m. on 17 August 2012 and before 9:00 a.m. on 20 August 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM DIVIDEND

The Board does not recommend any interim dividend for the Period (2011: Nil).

RESULTS

The Group recorded a net loss of approximately HK\$89,034,000 for the Period as compared to net loss of approximately HK\$109,739,000 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 available-for-sale investments and unrealised loss on revaluation of its listed investments. Loss per share of the Company for the Period was HK\$0.09 as compared to loss per share of HK\$0.26 as restated for the same period in 2011.

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.

During the past several months, the world economy is increasingly unstable as threatened by the ongoing sovereign debt issue affecting the Eurozone, mixed US economic data and potential economic slowdown in China. The Hong Kong economy is inevitably influenced by these external factors and the economy decelerated to a meager growth in the first half of 2012.

The local stock market rebounded in the first half of 2012, thanks to the low interest rate environment and the slightly improved external environment.

In the months ahead, there remain uncertainties whether the economic growth in the United States will continue and the financial crisis in the Eurozone will not deteriorate. Whereas in mainland China, there are signs that inflation is under control and the speculative property market is cooling down. Given the potential economic slowdown in China, the central government is to implement measures to stimulate its domestic consumption and thus boost its domestic growth to combat faltering growth. As can be seen, China, through its central bank, has begun a series of cutting banks’ reserve requirement ratios and interest rates.

While challenges are inevitable, the Board will continue to cautiously take defensive measures to conservatively manage the portfolio of investments of the Group in accordance with the Company’s investment objective and policy with a view of gaining good investment yields for our shareholders. The Board may also consider further fundraising for future investments as we look ahead and prepare for what may be an extended period of investment opportunity for the Company when opportunity arises.

During the Period under review, the Group focused more on listed 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 2012 are as follows:

	Market value/ Fair value HK\$'000	Percentage of the Group's consolidated net assets value
Available-for-sale investments	154,010	77.56%
Investments held for trading	69,002	34.75%

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 2012, the net current assets of the Group amounted to approximately HK\$43,947,000 (*As at 31 December 2011: approximately HK\$18,627,000*) with cash and bank balances of approximately HK\$979,000 (*As at 31 December 2011: approximately HK\$1,414,000*).

There was no material change in available credit facilities when compared with the financial year ended 31 December 2011. As at 30 June 2012, the Group did not have unsecured, interest bearing short-term borrowing (*As at 31 December 2011: HK\$50,000,000*). The gearing ratio of the Group was decreased to 11.92% as compared to 28.65% as at 31 December 2011 (calculated on the basis of total liabilities divided by total assets). The liabilities as at the Period ended was mainly comprised of utilised margin facilities, 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 rights issue in February 2012 on two for one basis, 862,378,676 rights shares were issued at a price of HK\$0.10 per right share with net proceeds of approximately HK\$81,260,000. The net proceeds were used for listed securities investments and general working capital of the Group. The Board has been actively seeking fund raising opportunities to strengthen the Company's financial position.

The capital reorganisation (as referred to in the Company's announcement dated 23 March 2012 and circular dated 24 April 2012) was approved by shareholders at the extraordinary general meeting of the Company held on 17 May 2012. After the Period end, the Cayman court had approved the capital reduction of the Company at a hearing on 9 August 2012 (Cayman time) and the capital reorganisation will take effect following the registration of the Cayman court order confirming the capital reduction and minute approved by the Cayman court with the Registrar of Companies of the Cayman Islands, which is expected to be after 4:00 p.m. on 17 August 2012 and before 9:00 a.m. on 20 August 2012. Assuming the capital reorganisation becomes effective, the number of issued shares of the Company will change from 1,293,568,014 to 161,696,001; loss per share for the Period will change from HK\$0.09 to HK\$0.72 (*2011: from HK\$0.26 (as restated) to HK\$2.08*).

The unaudited consolidated net asset value per share of the Company as at 30 June 2012 was HK\$0.15 (*As at 31 December 2011: audited HK\$0.43*). The consolidated net assets value per share is calculated based on the net assets of the Group as at 30 June 2012 of approximately HK\$198,574,000 (*As at 31 December 2011: approximately HK\$185,635,000*) and the total number of 1,293,568,014 shares (*As at 31 December 2011: 431,189,338 shares*) in issue as at that date.

Charge of Assets and Margin Facilities

As at 30 June 2012, 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 2012, approximate amount of HK\$25,969,000 (*As at 31 December 2011: approximately HK\$22,865,000*) 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\$217,012,000 (*As at 31 December 2011: approximately HK\$250,836,000*).

Contingent Liabilities and Capital Commitments

As at 30 June 2012, the Group has no material contingent liabilities and capital commitments.

FOREIGN EXCHANGE EXPOSURE

As at 30 June 2012, 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.

CORPORATE GOVERNANCE

The Company has complied with the Corporate Governance Code (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 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 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 2012, 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\$2,184,000 (2011: approximately HK\$1,750,000).

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 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 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, 16 August 2012

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