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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 2013

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 2013 (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 2013.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2013

		Unaudited	
		Six months ended 30 June	
		2013	2012
	<i>Note</i>	HK\$’000	HK\$’000
Turnover	2	(3)	7,140
Other revenue	2	4,551	2,067
Changes in fair value of listed equity investments classified under investments held for trading		(31,981)	(18,802)
Realised gain (loss) on disposal of listed equity investments classified under available-for-sale investments		1,567	(41,952)
Impairment of listed equity investments classified under available-for-sale investments		–	(28,250)
Other operating expenses		(6,994)	(8,318)
Finance costs		(87)	(919)

		Unaudited	
		Six months ended 30 June	
		2013	2012
	<i>Note</i>	HK\$'000	HK\$'000
Loss before tax	4	(32,947)	(89,034)
Income tax expense	5	—	—
Loss for the Period attributable to equity holders of the Company		<u>(32,947)</u>	<u>(89,034)</u>
Other comprehensive income			
Items that are or may be reclassified to profit or loss:			
Changes in fair value of available-for-sale investments		30,261	(49,904)
Realisation upon disposal of available-for-sale investments		(1,567)	41,952
Transfer to profit or loss upon impairment of available-for-sale investments		—	28,250
Other comprehensive income for the Period		<u>28,694</u>	<u>20,298</u>
Total comprehensive loss for the Period attributable to equity holders of the Company		<u>(4,253)</u>	<u>(68,736)</u>
			<i>(Restated)</i>
Loss per share Basic and Diluted	6	<u>HK\$(0.16)</u>	<u>HK\$(0.70)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

		Unaudited	Audited
		30 June	31 December
		2013	2012
	<i>Note</i>	HK\$'000	HK\$'000
Non-current assets			
Property, plant and equipment		1,687	2,092
Available-for-sale investments	7	182,205	161,130
		<u>183,892</u>	<u>163,222</u>
Current assets			
Financial assets at fair value through profit or loss	7	83,082	68,754
Other receivables		291	353
Bank balances and cash		4,391	8,348
		<u>87,764</u>	<u>77,455</u>
Current liabilities			
Other payables and accruals		273	356
Due to securities brokers	8	9,710	–
		<u>9,983</u>	<u>356</u>
Net current assets		<u>77,781</u>	<u>77,099</u>
NET ASSETS		<u>261,673</u>	<u>240,321</u>
Capital and reserves			
Share capital		2,328	1,940
Reserves		259,345	238,381
TOTAL EQUITY		<u>261,673</u>	<u>240,321</u>

Notes:

1. BASIS OF PREPARATION

The unaudited interim financial statements for the six months ended 30 June 2013 (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 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 2012. 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 interim financial statements are consistent with those applied in preparing the Group’s financial statements for the year ended 31 December 2012. 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 1, *Presentation of financial statements – Presentation of items of other comprehensive income*

HKFRS 10, *Consolidated financial statements*

HKFRS 12, *Disclosure of interests in other entities*

HKFRS 13, *Fair value measurement*

Annual Improvements to HKFRSs 2009-2011 Cycle

Amendments to HKFRS 7 – *Disclosures – Offsetting financial assets and financial liabilities*

Except that certain presentation and disclosure of financial statements items have been revised, 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 2013 are as follows:

	Unaudited	
	Six months ended 30 June	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover		
Results from the sale of listed investments classified under investments held for trading	(3)	(755)
Results from the sale of unlisted debt investments designated as at fair value through profit or loss upon initial recognition	–	7,895
	<u>(3)</u>	<u>7,140</u>
Other revenue		
Dividend income from listed investments	4,551	427
Other income	–	1,640
	<u>4,551</u>	<u>2,067</u>
Total revenue	<u><u>4,548</u></u>	<u><u>9,207</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		Unaudited	Audited
	Six months ended 30 June		30 June	31 December
	2013	2012	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	<u><u>4,548</u></u>	<u><u>9,207</u></u>	<u><u>1,687</u></u>	<u><u>2,092</u></u>

4. LOSS BEFORE TAX

Unaudited
Six months ended 30 June
2013 2012
HK\$'000 *HK\$'000*

This is stated after charging (crediting):

Depreciation	405	173
Staff cost, including directors' emoluments	2,181	2,184
Operating lease charges in respect of:		
land and buildings	420	436
hire of machinery	59	48
	=====	=====

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

Realised (gain) loss on disposal of listed investments	(1,564)	42,707
Realised surplus on unlisted investments	–	(7,895)
Unrealised loss on listed investments	31,981	18,802
Impairment loss on listed investments	–	28,250
	=====	=====

5. INCOME TAX EXPENSE

Hong Kong Profits Tax has not been provided as the Group incurred losses for taxation purposes for the six months ended 30 June 2013 and 2012.

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\$32,947,000 (2012: HK\$89,034,000) and the weighted average number of ordinary shares of 200,896,114 (2012 as restated: 127,935,298) in issue during the Period. The comparative amount of basis loss per share for 2012 has been adjusted to reflect the impact of share consolidation effected after the interim period end of 2012.

As there were no dilutive potential ordinary shares, diluted loss per share was the same as basic loss per share in 2013 and 2012.

7. INVESTMENTS

	<i>Note</i>	Unaudited 30 June 2013 HK\$'000	Audited 31 December 2012 HK\$'000
Available-for-sale investments			
Equity investments, at fair value			
Listed in Hong Kong	7(ii)	167,655	155,130
Equity investments, at cost			
Unlisted	7(iii)	14,550	6,000
Total		182,205	161,130
Financial assets at fair value through profit or loss			
Held for trading			
Equity investments, at fair value			
Listed in Hong Kong		68,371	56,870
Listed overseas		14,711	11,884
Total		83,082	68,754

Notes:

- (i) As at 30 June 2013, 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%
Enterprise Development Holdings Limited	Cayman Islands	Provision of integrated business software solutions and trading of listed securities	Ordinary shares of HK\$0.01 each	4.17%

(ii) Available-for-sale investments

	Unaudited 30 June 2013 <i>HK\$'000</i>	Audited 31 December 2012 <i>HK\$'000</i>
Market value of equity securities listed in Hong Kong	<u>167,655</u>	<u>155,130</u>
Fair value of individually impaired available-for-sale equity securities (<i>Note</i>)	<u>14,222</u>	<u>12,211</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 2012 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 of the Company, 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 (2012: Nil).

RESULTS

The Group recorded a net loss of approximately HK\$32,947,000 for the Period as compared to net loss of approximately HK\$89,034,000 in the corresponding period of last year. The net loss incurred by the Group for the Period was mainly attributable to unrealised loss on revaluation of its listed investments. Loss per share of the Company for the Period was HK\$0.16 as compared to loss per share of HK\$0.70 as restated for the same period in 2012.

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.

US Federal Reserve expanded the asset purchasing plan (known as the third round of Quantitative Easing – QE3) at the third quarter of 2012, the US economic growth is picking up with unemployment rate and corporate earnings improving at first half of 2013, which leads US stock market to reach historical high in the first half. However, owing to expected tapering to kick start in the second half of 2013, the stock market will become more volatile and challenging for the coming few months in this year.

During the Period, the European Central Bank (ECB) decided to lower the main refinancing rate by 25 basis points to 0.5% and rate on marginal lending facility by 50 basis points to 1%. The cut in interest rates should contribute to support prospects for a recovery later in the year. Against this overall background, ECB monetary policy stance should remain accommodative for as long as needed. It proved that the Eurozone economy is still sluggish with Purchasing Manager Index (PMI) figure still below 50 and unemployment rate at record high. Extended weak economic sentiment and low inflation rate may allow the ECB to further ease its monetary policy, so as to boost the economy.

China posted weak export figures, slowdown in Fixed Asset Investments, and worsening of PMI figures. The market worry over about the risk of hard landing on the economy has lowered GDP growth expectations from 8% to 7.5% in 2013. Tightening monetary policies is the main theme in China, which leads to double digit downside on the Shanghai Composite Index in the first half of the year. The second quarter cash cruncher within the banking system, spiked interbank rates and raised a fear of a banking crisis. In order to avoid a cash shortage environment, the market expects the PBoC may provide adequate liquidity into the banking system, but overall tightening environment remains unchanged.

Challenging and uncertain investment environment is inevitable in the second half of 2013. The Board will closely monitor the market and will cautiously adopt a conservative approach on investment in order to create value for its shareholders. The Board may also consider further fund raising activities to strengthen its balance sheet and look for suitable investment opportunities in the coming future.

During the Period under review, the Group remain focused on Hong Kong listed securities investments to achieve medium-term or long-term capital appreciation. The portfolio of investment assets of the Group as at 30 June 2013 are as follows:

	Market value/ Cost HK\$'000	Approximate percentage of the Group's consolidated net assets value
Available-for-sale investments	182,205	70%
Investments held for trading	83,082	32%

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

The Group financed its asset portfolio by internal generated cash resources and fund raising exercises. As at 30 June 2013, the net current assets of the Group amounted to approximately HK\$77,781,000 (*As at 31 December 2012: approximately HK\$77,099,000*) with cash and bank balances of approximately HK\$4,391,000 (*As at 31 December 2012: approximately HK\$8,348,000*).

There was no material change in available credit facilities when compared to the financial year ended 31 December 2012. As at 30 June 2013, the gearing ratio of the Group was increased to 3.68% as compared to 0.15% as at 31 December 2012 (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.

On 30 May 2013, the Company placed 38,807,040 new ordinary shares of HK\$0.01 each through a placing agent to not less than six independent investors at a price of HK\$0.69 per placing share, raising further net proceeds of approximately HK\$25.6 million to enhance the Company's capital structure. The net price per placing share was approximately HK\$0.66 and net proceeds were used for listed securities investments and general working capital of the Group. The Board have 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 2013 was HK\$1.12 (*As at 31 December 2012: audited HK\$1.24*). The consolidated net assets value per share is calculated based on the net assets of the Group as at 30 June 2013 of approximately HK\$261,673,000 (*As at 31 December 2012: approximately HK\$240,321,000*) and the total number of 232,842,241 shares (*As at 31 December 2012: 194,035,201 shares*) in issue as at that date.

Charge of Assets and Margin Facilities

As at 30 June 2013, 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 2013, amount of HK\$9,710,000 (*As at 31 December 2012: HK\$Nil*) 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\$250,737,000 (*As at 31 December 2012: HK\$223,884,000*).

Contingent Liabilities and Capital Commitments

As at 30 June 2013, the Group has no material contingent liabilities and capital commitments.

FOREIGN EXCHANGE EXPOSURE

As at 30 June 2013, 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 principles set out in the Corporate Governance Code (the "CG Code") stipulated in Appendix 14 of the Listing Rules throughout the Period, with deviations from code provision A.2.1 and A.4.1 of the CG Code 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 Group's business. The Board is of the view that vesting the role of the chairman and chief executive officer within the same person provides the Group with strong and consistent leadership, allows for more effective and efficient business planning, decision making 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, subject to re-election. The Company has not fixed the terms 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.

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 CG Code.

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 2013, 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\$2,181,000 (2012: approximately HK\$2,184,000).

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 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 management team and staff of the Group 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, 9 August 2013

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

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