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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 2016

The board of directors (the “**Board**”) of Unity Investments Holdings Limited (the “**Company**”) herein present their unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2016 (the “**Period**”). The interim results for the Period are unaudited, but have been reviewed by the Company’s Audit Committee. The Board has approved the unaudited condensed consolidated financial statements of the Company for the six months ended 30 June 2016.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2016

	<i>Notes</i>	Unaudited Six months ended 30 June 2016 HK\$'000	2015 HK\$'000
Loss from the sale of listed investments held for trading		(1,456)	(9,865)
Revenue	2	140	148
Changes in fair value of listed equity investments classified under investments held for trading		(66,558)	582,342
Realised gain on disposal of listed equity investments classified under available-for-sale investments		–	52,306
Other operating expenses		(3,595)	(3,566)
Finance costs		(38)	–
(Loss) Profit before tax	4	(71,507)	621,365
Income tax	5	10,982	(57,000)
(Loss) Profit for the Period attributable to equity holders of the Company		(60,525)	564,365

		Unaudited	
		Six months ended 30 June	
		2016	2015
	<i>Notes</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		(4,634)	69,999
Realisation upon disposal of available-for-sale investments		—	9,369
		<u> </u>	<u> </u>
Other comprehensive (loss) income for the Period		<u>(4,634)</u>	<u>79,368</u>
Total comprehensive (loss) income for the Period attributable to equity holders of the Company		<u>(65,159)</u>	<u>643,733</u>
			<i>(Restated)</i>
(Loss) Earnings per share			
Basic and Diluted	<i>6</i>	<u>HK\$(0.10)</u>	<u>HK\$1.34</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	<i>Notes</i>	Unaudited 30 June 2016 HK\$'000	Audited 31 December 2015 HK\$'000
Non-current assets			
Available-for-sale investments	7	<u>108,109</u>	<u>202,744</u>
Current assets			
Financial assets at fair value through profit or loss	7	635,032	651,426
Deposits and prepayments		714	242
Due from securities brokers	8	9,746	7,446
Bank balances and cash		<u>3,765</u>	<u>38,583</u>
		649,257	697,697
Assets classified as held for sale	9	<u>267,000</u>	<u>177,000</u>
		916,257	874,697
Current liabilities			
Due to a securities broker	10	44	227
Deposit received		23,750	–
Other payables and accruals		<u>235</u>	<u>736</u>
		24,029	963
Net current assets		<u>892,228</u>	<u>873,734</u>
Total assets less current liabilities		<u>1,000,337</u>	<u>1,076,478</u>
Non-current liabilities			
Deferred tax liabilities		<u>22,065</u>	<u>33,047</u>
NET ASSETS		<u>978,272</u>	<u>1,043,431</u>
Capital and reserves			
Share capital		58,211	58,211
Reserves		<u>920,061</u>	<u>985,220</u>
TOTAL EQUITY		<u>978,272</u>	<u>1,043,431</u>

Notes:

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements (“**Interim Financial Statements**”) for the Period have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules (the “**Listing Rules**”) Governing the Listing of Securities on the Stock Exchange and Hong Kong Accounting Standard (“**HKAS**”) 34 “*Interim Financial Reporting*” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

The Interim Financial Statements should be read in conjunction with the 2015 annual financial statements. The accounting policies and methods of computation used in the preparation of the Interim Financial Statements are consistent with those used in the annual financial statements for the year ended 31 December 2015.

The Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 January 2016. HKFRSs comprise Hong Kong Financial Reporting Standards (“**HKFRS**”); HKAS; and Interpretations. The adoption of these new and revised HKFRSs does not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the Period and prior years/periods.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Company has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

2. REVENUE

The Group is principally engaged in the investments in listed and unlisted securities. The details of revenue recognised during the six months ended 30 June 2016 are as follows:

	Unaudited	
	Six months ended 30 June	
	2016	2015
	HK\$’000	HK\$’000
Dividend income from listed investments	140	–
Interest income	–	135
Other income	–	13
	<hr/>	<hr/>
Total revenue	140	148
	<hr/> <hr/>	<hr/> <hr/>

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 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. However, over 90% of the Group’s revenue and non-current assets are principally attributable to Hong Kong. Consequently, no geographical information represented.

4. (LOSS) PROFIT BEFORE TAX

	Unaudited	
	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
This is stated after charging:		
Staff cost, including directors' emoluments	937	813
Operating lease charges in respect of:		
land and buildings	<u>11</u>	<u>–</u>

5. INCOME TAX

The Group did not derive any taxable profit for the Period. Hong Kong Profits Tax has not been provided for the six months ended 30 June 2016 as the estimated assessable profits of the Group was wholly absorbed by unused tax losses brought forward from previous years.

	Unaudited	
	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Deferred tax credit (expense)	<u>10,982</u>	<u>(57,000)</u>

6. (LOSS) EARNINGS PER SHARE

The calculation of basic (loss) earnings per share is based on the Group's loss attributable to equity holders for the Period of HK\$60,525,000 (2015: profit of HK\$564,365,000) and the weighted average number of ordinary shares of 582,105,603 (2015 as restated: 421,204,999) in issue during the Period. The weighted average number of ordinary shares of 582,105,603 shares for the Period is adjusted to reflect the share consolidation of every five (5) issued and unissued shares of the Company of a par value of HK\$0.02 each into one (1) consolidated share of a par value of HK\$0.10 each (the "Share Consolidation") with effect from 6 July 2016. The earnings per share for the six months ended 30 June 2015 is also restated to reflect the Share Consolidation.

As there were no dilutive potential ordinary shares, diluted (loss) earnings per share was the same as basic (loss) earnings per share for the six months ended 30 June 2016 and 2015.

7. INVESTMENTS

	Notes	Unaudited 30 June 2016 HK\$'000	Audited 31 December 2015 HK\$'000
Available-for-sale investments			
Equity investments, at fair value			
Listed in Hong Kong	(i)	25,609	30,244
Equity investments, at fair value			
Unlisted in Hong Kong	(ii)	<u>82,500</u>	<u>172,500</u>
Total		<u>108,109</u>	<u>202,744</u>
Financial assets at fair value through profit or loss			
Held for trading			
Equity investments, at fair value			
Listed in Hong Kong		<u>635,032</u>	<u>651,426</u>

Notes:

(i) Available-for-sale investments

	Unaudited 30 June 2016 HK\$'000	Audited 31 December 2015 HK\$'000
Market value of equity securities listed in Hong Kong	<u>25,609</u>	<u>30,244</u>

- (ii) 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

Amounts due from securities brokers represent deposits placed with securities brokers for the trading of listed investments which are repayable on demand and interest-free.

9. ASSETS CLASSIFIED AS HELD FOR SALE

The Company committed plans to sell the following available-for-sale financial assets:

	Notes	Effective shareholding interest		Cost less impairment	
		As at 30 June 2016 (Unaudited)	As at 31 December 2015 (Audited)	As at 30 June 2016 (Unaudited) HK\$'000	As at 31 December 2015 (Audited) HK\$'000
Keen Champ Investments Limited	(i), (v)	16.00%	16.00%	98,700	98,700
Peak Zone Group Limited	(ii), (iv), (v)	29.90%	29.90%	78,300	78,300
Starfame Investments Limited	(iii), (iv), (v)	29.70%	N/A	90,000	N/A
				<u>267,000</u>	<u>177,000</u>

- (i) Keen Champ Investments Limited (“Keen Champ”) is a private company and incorporated in the British Virgin Islands. The principal activity of Keen Champ is investment holding and the principal activities of its subsidiaries are holding of a bundle of forest trees in the People’s Republic of China. The management expected the growth rate was not very high in forestry industry, and remained the decision to dispose of its interest in Keen Champ, and actively locate a buyer at a price that is reasonable in relation to its current fair value.
- (ii) Peak Zone Group Limited (“Peak Zone”) is a private company and incorporated in the British Virgin Islands. The principal activity of Peak Zone is investment holding and its subsidiaries are engaged in the electronic commerce industry specialising in the provision of integrated application. The interest in Peak Zone is classified as held for sales as the management remain the decision to dispose of its interest in Peak Zone and actively locate a buyer at a price that is reasonable in relation to its current fair value.
- (iii) Starfame Investments Limited (“Starfame”) is a private company and incorporated in the British Virgin Islands. The principal activity of Starfame is investment holding and the principal activities of its subsidiaries are the trading of petrochemical products. The Group has entered into a sale and purchase agreement during the Period to dispose of its 29.70% equity interest in Starfame at a consideration of HK\$95,000,000. Deposit of HK\$23,750,000 has been received. This transaction is yet to be completed as at the date of this announcement.

- (iv) At the end of the reporting period, the Group held more than 20% of the effective shareholding interest in these companies. The investments in these companies were not accounted for as associates as the Group had no significant influence over these companies. The Group does not have the right to participate in their policy-making processes, to appoint directors nor management of these companies and to interchange of managerial personnel.
- (v) The investment is measured at cost less impairment because the range of reasonable fair value estimates is so significant and the probability of various estimates within the range cannot be reasonably estimated that the directors are of the opinion that its fair value cannot be measured reliably.

10. DUE TO A SECURITIES BROKER

Amount due to a securities broker represent margin loans arising from the trading of listed investments which are repayable on demand.

11. CHARGE OF ASSETS AND MARGIN FACILITIES

As at 30 June 2016, 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 2016, HK\$44,000 (*As at 31 December 2015: HK\$227,000*) 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\$19,088,000 (*As at 31 December 2015: approximately HK\$58,653,000*).

12. CONTINGENT LIABILITIES

Financial guarantee issued

The Company had corporate guarantee for securities trading account maintained by one of its subsidiaries with a broker, which was unutilised at 30 June 2016 and 31 December 2015.

The directors of the Company do not consider probable that a claim will be made against the Company under any of the guarantee at 30 June 2016 and 31 December 2015.

13. EVENTS AFTER THE REPORTING PERIOD

The Share Consolidation has been effective from 6 July 2016, and 1,164,211,204 shares of a par value of HK\$0.1 each in the share capital of the Company was issued and allotted on 11 August 2016, which resulted from the rights issue approved at the extraordinary general meeting of the Company held on 5 July 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the Period (*six months ended 30 June 2015: Nil*).

RESULTS

The Group recorded a net loss of approximately HK\$60.5 million for the Period as compared to a net profit of approximately HK\$564.4 million in the corresponding period of last year. The net loss incurred by the Group for the Period was mainly attributable to fair value loss on listed investments at fair value through profit and loss. Loss per share of the Company for the Period was HK\$0.10 as compared to earnings per share of HK\$1.34 as restated for the same period in 2015.

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.

Given the continuous volatile market condition, the listed equity investments classified under investments held for trading has posted net realised loss of approximately HK\$1.5 million (*2015: HK\$9.9 million*) and unrealised loss of approximately HK\$66.6 million (*2015: gain of HK\$582.3 million*). During the Period, the Board remains focus on listed equity investments in Hong Kong. The Company continues to be cautious in identifying any investment opportunities to achieve medium-term or long-term capital appreciation.

In order to keep reasonable spread of the Group’s investments, the Board will maintain a diversified investment portfolio to cover a wide range of business sectors, including, but not limited to, companies engaged in sectors such as finance, consumer goods and consumer services, media, manufacturing, construction, etc.

The classification of investment portfolio of the Group as at 30 June 2016 are as follows:

	Market value/ Cost HK\$’000	Approximate percentage of the Group’s consolidated net asset value
Available-for-sale investments	108,109	11.1%
Financial assets at fair value through profit or loss	635,032	64.9%
Assets classified as held for sale	267,000	27.3%

Following the year ended 31 December 2015, the Group continues to seek potential buyers to dispose of its equity interests in Keen Champ Investments Limited and Peak Zone Group Limited. These investments have been disclosed as assets held for sale on the Group's (Condensed) Consolidated Statement of Financial Position as at 30 June 2016 and 31 December 2015. During the Period, the Group has entered into a sale and purchase agreement to dispose of another unlisted investment – Starfame Investments Limited (“**Starfame**”) at a consideration of HK\$95 million. This transaction is yet to be completed and the Group's interests in Starfame is also recorded under assets classified as held for sale at cost of HK\$90 million, as at 30 June 2016. Save as disclosed above, the Group has neither acquired nor disposed of any other unlisted investments. No profit or loss was derived from unlisted investments during the Period.

At long last, the Federal Reserve in mid-December 2015 raised interest rates and kicked off what is expected to be the first in a series of hikes that will likely extend into 2016 and beyond, bringing rates above their near-zero threshold for the first time since 2008.

But after months of liftoff delays and plenty of criticism from doves and hawks alike, Federal Reserve Chair Janet Yellen's long-awaited rate increase seems to be more symbolic than anything else. The actual adjustment will only boost rates about 0.25 percent in the last quarter 2015, and there is no movement since then.

Brexit is likely the main theme in Europe economic market in Year 2016. A referendum was held on 23 June 2016, to decide whether the UK should leave or remain in the European Union. Leave won by 52% to 48%. The referendum turnout was 71.8%, with more than 30 million people voting. The economy of UK and Europe and their currencies are filled with mist resulting from Brexit.

China has also experienced sharp falling in its stock market in January of this year. SSE Composite Index dropped sharply from 3,539 as at the end of Year 2015 to 2,656 as at end of January 2016, then rebounded gradually to 2,929 as at 30 June 2016.

Although there are more uncertainties in the global stock markets in the first half of this year than in the couple of years before, the Board believes the fear in stock markets will be gradually removed and we will continue to monitor the market dynamics and adopt a conservative approach on investment, so as to further enhance value for the Shareholders.

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

The Group's asset portfolio was mainly financed by internally generated cash resources. As at 30 June 2016, net current assets of the Group amounted to approximately HK\$892.2 million (*As at 31 December 2015: approximately HK\$873.7 million*) with cash and bank balances of approximately HK\$3.8 million (*As at 31 December 2015: approximately HK\$38.6 million*).

The unaudited consolidated net asset value per share of the Company as at 30 June 2016 was HK\$0.34 (*As at 31 December 2015: audited HK\$0.36*). The consolidated net asset value per share is calculated based on the net assets of the Group as at 30 June 2016 of approximately HK\$978.3 million (*As at 31 December 2015: approximately HK\$1,043.4 million*) and the total number of 2,910.5 million shares (*As at 31 December 2015: 2,910.5 million 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 2015. The gearing ratio of the Group was 4.5% as at 30 June 2016 (*As at 31 December 2015: 3.2%*), 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.

The Board has been actively seeking fund raising opportunities to strengthen the Company's financial position. Subsequent to the end of the reporting period on 11 August 2016, the Company completed rights issue and has successfully raised approximately HK\$291 million (before expenses).

Capital Commitments

As at 30 June 2016, the Group had no material capital commitment.

FOREIGN EXCHANGE EXPOSURE

As at 30 June 2016, the majority of the Group's investments were either denominated in Hong Kong dollars. The Board considers its exposure to foreign exchange risk was not significant, therefore, no financial instruments was made to hedge such exposures.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted 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.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the Period, 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. NG Chi Hoi has taken the roles of the chairman and chief executive officer of the Company. He 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.

Pursuant to Code provision A.6.7, non-executive directors should attend general meetings. Certain independent non-executive directors could not attend the general meetings held during the Period due to other business commitments.

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.

EMPLOYEE AND REMUNERATION POLICIES

As at 30 June 2016, the Group had 7 employees, including directors of the Company. They are remunerated based on their performance, working experience and prevailing market standards. Employee benefits include medical insurance coverage, a defined contribution Mandatory Provident Fund retirement benefits scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance 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 have 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.

As at the date of this announcement, the Audit Committee of the Company is comprised of all independent non-executive directors, namely, Mr. CHAN Yik Pun, Mr. HUNG Cho Sing and Ms. CHUNG Fai Chun. Mr. CHAN Yik Pun is the chairman of the Audit Committee.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement is published on websites of the Stock Exchange (www.hkexnews.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
SHUM Kit Lan Anita
Executive Director

Hong Kong, 17 August 2016

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

Executive Director:
Ms. SHUM Kit Lan Anita

Independent non-executive Directors:
Mr. HUNG Cho Sing
Mr. CHAN Yik Pun
Ms. CHUNG Fai Chun