

UNITAS HOLDINGS LIMITED

宏海控股集團有限公司

(Formerly known as Chanceton Financial Group Limited)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8020)

2016
INTERIM REPORT

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors (the “Directors”) of Uitas Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading or deceptive; and (2) there are no other matters the omission of which would make any statement herein or in this report misleading.

HIGHLIGHTS

- Unaudited revenue of the Group for the six months ended 30 September 2016 amounted to approximately HK\$158,897,000, representing an increase of approximately 33.9 times as compared to corresponding period in 2015.
- Consolidated loss attributable to owners of the Company for the six months ended 30 September 2016 was approximately HK\$6,785,000 as compared to a loss of approximately HK\$12,918,000 in corresponding period in 2015. The loss was mainly attributable to (i) share of amortisation of intangible assets and loss of the Company's approximate 25% owned associated group amounting to approximately HK\$10,369,000; and (ii) imputed interest incurred in respect of the convertible bonds in relation to the acquisition of 20% equity interest in Revenue Synthesis Limited dated 24 August 2012 amounting to approximately HK\$3,174,000.
- **The Board wishes to draw the attention of the shareholders of the Company and potential investors to the fact that the abovementioned items are non-cash in nature and will not have any impact on the cash flow of the Group. The Group remains in a healthy and solid financial position.**
- Loss per share for the six months ended 30 September 2016 was approximately HK\$0.30 cents.
- The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2016.

FINANCIAL RESULTS (UNAUDITED)

The board of Directors (the "Board") of Unitas Holdings Limited (the "Company") is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the three months and six months ended 30 September 2016, together with the unaudited comparative figures for the corresponding period in 2015, as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 September 2016

		Three months ended 30 September		Six months ended 30 September	
		2016	2015	2016	2015
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	4	118,974	1,029	158,897	4,684
Cost of operations		(112,718)	–	(144,977)	–
Gross profit		6,256	1,029	13,920	4,684
Other gains and losses	4	265	7	569	15
Administrative and operating expenses		(2,314)	(2,376)	(6,709)	(4,409)
Finance cost	6	(2,048)	(1,559)	(3,220)	(2,731)
Share of result of an associate		(5,195)	(5,299)	(10,369)	(10,699)

		Three months ended 30 September		Six months ended 30 September	
		2016	2015	2016	2015
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss before tax	7	(3,036)	(8,198)	(5,809)	(13,140)
Income tax	9	(181)	367	(976)	222
Loss for the period		(3,217)	(7,831)	(6,785)	(12,918)
Other comprehensive loss, net of income tax					
Item that may be reclassified subsequently to profit or loss:					
Share of changes in other comprehensive income in an associate		(3)	(4)	(10)	(7)
Other comprehensive loss for the period, net of income tax		(3)	(4)	(10)	(7)
Total comprehensive loss for the period		(3,220)	(7,835)	(6,795)	(12,925)
Loss attributable to owners of the Company for the period		(3,220)	(7,831)	(6,795)	(12,918)

	Three months ended 30 September		Six months ended 30 September	
	2016	2015	2016	2015
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000

**Total comprehensive loss
attributable to
owners of the
Company for the
period**

(3,217)	(7,835)	(6,785)	(12,925)
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**Loss per share
attributable to
owners of the
Company**

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Basic and diluted
(HK cents)

(0.14)	(0.35)	(0.30)	(0.58)
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2016

		As at 30 September 2016 (Unaudited) HK\$'000	As at 31 March 2016 (Audited) HK\$'000
ASSETS			
Non-current assets			
Plant and equipment	11	192	221
Goodwill		237,948	237,948
Interest in an associate		147,069	157,448
Available-for-sale financial assets		1,310	2,000
		<hr/>	
		386,519	397,617
		<hr/>	
Current assets			
Trade receivables	12	2,971	2,547
Financial assets at fair value through profit or loss	13	381	381
Inventories		3,429	–
Prepayments, deposits and other receivables	14	57,657	22,913
Promissory note receivable		3,000	3,000
Amounts due from a related company		–	72
Cash and cash equivalents		12,532	15,531
		<hr/>	
		79,970	44,444
		<hr/>	
Less: Current liabilities			
Trade payables		77	–
Deposit received		4,168	–
Other payables and accruals	15	24,607	1,779
Tax payable		6,846	5,346
		<hr/>	
		35,698	7,125
		<hr/>	

		As at 30 September 2016 (Unaudited) HK\$'000	As at 31 March 2016 (Audited) HK\$'000
Net current assets		44,272	37,319
Total assets less current liabilities		430,791	434,936
Less: Non-current liabilities			
Convertible bond	16	80,365	77,191
Deferred tax liabilities		1,177	1,701
Contingent consideration payable		178,609	178,609
		260,151	257,501
Net assets		170,640	177,435
EQUITY			
Equity attributable to owners of the Company			
Share capital	17	22,600	22,600
Reserves	18	148,040	154,835
Total equity		170,640	177,435

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2016

	Attributable to owners of the Company							Total equity
	Share capital	Share premium	Other reserve	Exchange	Convertible	Share base	Retained	
				translation reserve	bond reserve	payment reserve	profits/ losses (accumulated)	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 April 2016 (audited)	22,600	144,131	529	64	22,856	1,954	(14,699)	177,435
Loss for the period	-	-	-	-	-	-	(6,785)	(6,785)
Other comprehensive loss for the period	-	-	-	(10)	-	-	-	(10)
Total comprehensive loss for the period	-	-	-	(10)	-	-	(6,785)	(6,795)
At 30 September 2016 (unaudited)	22,600	144,131	529	54	22,856	1,954	(21,484)	170,640
At 1 April 2015 (audited)	22,200	124,131	529	(15)	22,856	1,954	(33,190)	138,465
Loss for the period	-	-	-	-	-	-	(12,918)	(12,918)
Other comprehensive loss for the period	-	-	-	(7)	-	-	-	(7)
Total comprehensive loss for the period	-	-	-	(22)	-	-	(12,918)	(12,925)
Issue of new shares	400	20,000	-	-	-	-	-	20,400
At 30 September 2015 (unaudited)	22,600	144,131	529	(22)	22,856	1,954	(46,108)	145,940

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2016

	Six months ended	
	30 September	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash outflow from operating activities	(4,199)	(92)
Net cash inflow from investing activities	1,200	–
Net cash outflow from financing activities	–	–
Net decrease in cash and cash equivalents	(2,999)	(92)
Cash and cash equivalents at beginning of period	15,531	19,042
Cash and cash equivalents at end of period	12,532	18,950

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS

For the six months ended 30 September 2016

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 20 April 2011 as an exempted company with limited liability under the Companies Law (2010 Revision) of the Cayman Islands. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business is located at Room 801B, 8/F., Tsim Sha Tsui Centre, West Wing, No. 66 Mody Road, Tsim Sha Tsui, Kowloon, Hong Kong. The Company's shares were listed on the GEM of the Stock Exchange on 12 October 2011.

The Company is an investment holding company. The principal activities of its subsidiaries are the provision of corporate finance advisory services mainly to listed and non-listed companies in Hong Kong and the PRC and provision of dry bulk shipping services.

2. BASIS OF PRESENTATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements for the six months ended 30 September 2016 (the "Interim Accounts") 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 (the "HKICPA") and the applicable disclosure requirements of the GEM Listing Rules.

The significant judgments made by management in applying the Group's accounting policies and key sources of estimate uncertainty used in the preparation of the Interim Accounts are consistent with those used in the annual financial statements for the year ended 31 March 2016. The Interim Accounts do not include all of the information required for annual financial statements and thereby they should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2016, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The Interim Accounts have been prepared under the historical cost convention, except for certain financial assets and liabilities which have been measured at fair values. The Interim Accounts are presented in Hong Kong dollars ("HK\$") except when otherwise indicated.

3. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value estimation

The fair value of financial assets and financial liabilities are determined as follows:

- (i) the fair value of financial assets and financial liabilities with (including derivative instruments) standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices and ask prices respectively; and
- (ii) the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input; and
- (iii) the fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recorded in the consolidated financial statements approximate their fair values.

30 September 2016

	Carrying amount HK\$'000	Fair value HK\$'000
Financial liability		
Convertible bond	80,365	81,225

3. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value estimation (Continued)

31 March 2016

	Carrying amount <i>HK\$'000</i>	Fair value <i>HK\$'000</i>
Financial liability		
Convertible bond	77,191	78,337

Fair value measurements recognised in the condensed consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2 fair value measurements are those derived from inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

3. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value estimation (Continued)

Fair value measurements recognised in the condensed consolidated statement of financial position (Continued)

30 September 2016

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Financial asset				
Financial assets at fair value through profit or loss	–	–	381	381
AFS financial assets	1,310	–	–	1,310
	1,310	–	381	1,691
Financial liability				
Contingent consideration payables	–	–	178,609	178,609

31 March 2016

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Financial asset				
Financial assets at fair value through profit or loss	–	–	381	381
AFS financial assets	–	2,000	–	2,000
	–	–	381	2,381
Financial liability				
Contingent consideration payables	–	–	178,609	178,609

4. REVENUE AND OTHER GAINS AND LOSSES

Revenue, which is also the Group's turnover, represents fees income received from corporate finance advisory services rendered and income from dry bulk shipping during the period.

An analysis of revenue and other income and gains are as follows:

	Three months ended		Six months ended	
	30 September		30 September	
	2016	2015	2016	2015
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue				
Corporate finance advisory income	1,745	1,029	2,708	4,684
Dry bulk shipping services	117,229	–	156,189	–
	118,974	1,029	158,897	4,684

	Three months ended		Six months ended	
	30 September		30 September	
	2016	2015	2016	2015
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Other gains and losses				
Management fee income	–	7	–	15
Interest income from a promissory note	155	–	423	–
Bank interest income	–	–	–	–
Sundry income	–	–	36	–
Unrealised gain on financial assets at FVTPL	110	–	110	–
	265	7	569	15

5. SEGMENT INFORMATION

Information reported to the management of the Group, being the chief operating decision maker ("CODM"), for the purpose of resource allocation and assessment of segment performances focuses on types of goods or services delivered or provided. This is also the basis upon which the Group is organised and specifically focuses on the Group's operating divisions. No operating segment identified by the CODM has been aggregated in arriving at the reportable segments of the Group.

5. SEGMENT INFORMATION (CONTINUED)

The Group's reportable and operating segments are as follows:

- corporate finance advisory service
- dry bulk shipping

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segment:

For the six months ended 30 September 2016:

	Corporate finance advisory service (Unaudited) <i>HK\$'000</i>	Dry bulk shipping (Unaudited) <i>HK\$'000</i>	Consolidated (Unaudited) <i>HK\$'000</i>
Revenue	2,708	156,189	158,897
Segment results	1,830	8,760	10,590
Unallocated corporate expenses			(2,810)
Share of results of an associate			(10,369)
Finance cost			(3,220)
Loss before tax			(5,809)
Income tax			(976)
Loss for the period			(6,785)

For the six months ended 30 September 2015:

	Corporate finance advisory service (Unaudited) <i>HK\$'000</i>	Dry bulk shipping (Unaudited) <i>HK\$'000</i>	Consolidated (Unaudited) <i>HK\$'000</i>
Revenue	4,684	–	4,684
Segment results	2,887	–	2,887
Unallocated corporate expenses			(2,597)
Share of results of an associate			(10,699)
Finance cost			(2,731)
Loss before tax			(13,140)
Income tax			222
Loss for the period			(12,918)

5. SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segment:

As at 30 September 2016:

	Corporate finance advisory service (Unaudited) HK\$'000	Dry bulk shipping (Unaudited) HK\$'000	Consolidated (Unaudited) HK\$'000
Segment assets	10,246	300,221	310,467
Unallocated assets			156,022
Consolidated total assets			466,489
Segment liabilities	1,492	33,501	34,993
Unallocated liabilities			260,856
Consolidated liabilities			295,849

As at 30 September 2015:

	Corporate finance advisory service (Unaudited) HK\$'000	Dry bulk shipping (Unaudited) HK\$'000	Consolidated (Unaudited) HK\$'000
Segment assets	3,927	–	3,927
Unallocated assets			443,327
Consolidated total assets			447,254
Segment liabilities	356	–	356
Unallocated liabilities			300,958
Consolidated liabilities			301,314

5. SEGMENT INFORMATION (CONTINUED)

Information about major clients

Revenue from major clients, each of them amounted to 10% or more of the Group's revenue, are set out below:

	Three months ended		Six months ended	
	30 September		30 September	
	2016	2015	2016	2015
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Customer A	7,792	270	35,026	3,000
Customer B	5,844	200	–	–
Customer C	5,454	135	–	–
Customer D	5,065	–	–	–

6. FINANCE COST

	Three months ended 30		Six months ended 30	
	September		September	
	2016	2015	2016	2015
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Imputed interest on convertible bond	2,002	1,559	3,174	2,731

7. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

	Three months ended		Six months ended	
	30 September		30 September	
	2016	2015	2016	2015
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation	4	8	10	18
Minimum lease payment under operating lease:				
– Property rental	245	208	489	247
Employee benefit expenses (including directors' remuneration)				
– Wages, salaries, allowances and bonus	1,933	1,148	4,836	2,386
– Pension scheme contributions	53	40	120	87
	1,986	1,188	4,956	2,473

8. DIVIDENDS

The Board does not recommend the payment of dividend for the six months ended 30 September 2016 (2015: Nil).

9. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) for the three months and six months ended 30 September 2016 and 2015.

	Three months ended		Six months ended	
	30 September		30 September	
	2016	2015	2016	2015
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current tax	512	(110)	1,500	228
Deferred tax	(331)	(257)	(524)	(450)
	181	(367)	976	(222)

There was no significant unprovided deferred tax for the relevant periods and at the end of each reporting period.

10. LOSS PER SHARE

Basic loss per share for each of the three months and six months ended 30 September 2016 and 2015 are calculated by dividing the loss attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the periods.

	For the three months ended 30 September 2016	For the six months ended 30 September 2016	For the three months ended 30 September 2015 (restated)	For the six months ended 30 September 2015 (restated)
Loss attributable to the owners of the Company	(HK\$3,217,000)	(HK\$6,785,000)	(HK\$7,831,000)	(HK\$12,918,000)
Weighted average number of ordinary share in issue	2,260,000,000	2,260,000,000	2,222,197,802	2,221,098,901
Loss per share (HK cents per share)	(0.14)	(0.30)	(0.35)	(0.58)

10. LOSS PER SHARE (CONTINUED)

During the period ended 30 September 2016, the Company's outstanding convertible bond was not included in the calculation of diluted loss per share because the effect of the Company's outstanding convertible bond was anti-dilutive and therefore the diluted loss per share are the same as the basic loss per share.

Diluted loss per share for the 6 months and 3 months ended September 2016 has not been disclosed as the potential shares arising from the exercise of the Company's outstanding share options would decrease in loss per share of the Group for the periods and are regarded as anti-dilutive.

11. PLANT AND EQUIPMENT

During the three months and six months ended 30 September 2016, the Group did not acquire plant and equipment (2015: Nil). There was no disposal of plant and equipment during the three months and six months ended 30 September 2016 and 2015.

12. TRADE RECEIVABLES

The Group's trade receivables arose from the provision of corporate finance advisory services to its clients.

The Group's trading term with its clients is, in general, due upon the issuance of invoices. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. Trade receivables arising from the provision of corporate finance advisory services are non-interest bearing.

An aged analysis of the trade receivables at the end of each reporting period, based on the invoice date and net of provision, is as follows:

	As at 30 September 2016 (Unaudited) HK\$'000	As at 31 March 2016 (Audited) HK\$'000
Current to 30 days	594	680
31 to 60 days	–	190
61 to 90 days	185	350
Over 90 days	2,192	1,327
	2,971	2,547

12. TRADE RECEIVABLES (CONTINUED)

Trade receivables disclosed above are past due at the end of the reporting period for which the Group has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 September 2016 (Unaudited) HK\$'000	As at 31 March 2016 (Audited) HK\$'000
Share options at fair value	381	381

The above equity securities and share options were designated as financial asset at fair value through profit or loss on initial recognition by the directors of the Company. Changes in fair values of financial asset at fair value through profit or loss are recorded in profit or loss accounts of the Group.

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 September 2016 (Unaudited) HK\$'000	As at 31 March 2016 (Audited) HK\$'000
Prepayments	630	164
Deposits and other receivables	57,027	22,749
	57,657	22,913

None of the above prepayments, deposits and other receivables is either past due or impaired.

15. OTHER PAYABLES AND ACCRUALS

	As at	As at
	30 September	31 March
	2016	2016
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Other payables and accruals	24,607	1,779
	24,607	1,779

Other payables are non-interest bearing and are repayable within one month.

16. CONVERTIBLE BOND

On 5 December 2012, the Company issued first convertible bond (the "First Convertible Bonds") due on 4 December 2017 with a principal amount of HK\$87,500,000 at zero coupons in relation to the acquisition of 20% equity interest in Revenue Synthesis Limited. The First Convertible Bond entitles the holder to convert to ordinary shares with par value of HK\$0.01 each of the Company at conversion price of HK\$2.50, subject to adjustment provisions. On 8 May 2013, the Company issued 1,665,000,000 bonus shares and the conversion price was adjusted to HK\$0.625 according to the terms of First Convertible Bond.

The First Convertible Bond contains two components: liability and equity components. The equity component is presented in equity heading "convertible bond reserve". The effective interest rate of the liability component is 7.80% and 7.80% per annum on 30 September 2016 and 31 March 2016 respectively.

The First Convertible Bond has been split as to the liability and equity components as follows:

	<i>HK\$'000</i>
Fair value of the First Convertible Bond	87,486
Liability component	<u>(60,111)</u>
Equity component	<u>27,375</u>

16. CONVERTIBLE BOND (CONTINUED)

The movement of the liability component of the First Convertible Bond since the date of the acquisition of the associate (i.e. 5 December 2012) was as follows:

	<i>HK\$'000</i>
At date of acquisition of the associate	60,111
Imputed interests charged for the year ended 31 March 2013	1,494
Imputed interests charged for the year ended 31 March 2014	4,813
Imputed interests charged for the year ended 31 March 2015	5,179
Imputed interests charged for the year ended 31 March 2016	5,594
Imputed interests charged for the six months ended 30 September 2016	3,174
As at 30 September 2016	80,365

17. SHARE CAPITAL

<i>Note</i>	Number of ordinary shares of HK\$0.01 each	Nominal value of ordinary shares <i>HK\$</i>
Authorised:		
At 1 April 2014, 31 March 2015, 1 April 2016 and 30 September 2016	20,000,000,000,000	200,000,000,000
Issued and fully paid:		
At 1 April 2016	2,260,000,000	22,600,000
At 30 September 2015 (unaudited)	2,260,000,000	22,600,000

18. RESERVES

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the condensed consolidated statement of changes in equity.

19. COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 September 2016, neither the Group nor the Company had any significant commitments and contingent liabilities (31 March 2015: Nil).

20. OPERATING LEASE ARRANGEMENTS

As at 30 September 2016 and 31 March 2016, the total future minimum lease payments of the Group under non-cancelable operating leases in respect of rented premises payable to independent third parties are as follows:

	As at 30 September 2016 (Unaudited) HK\$'000	As at 31 March 2016 (Audited) HK\$'000
Within one year	1,159	1,172
In the second to fifth years, inclusive	193	614
	1,352	1,786

21. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in this report, the Group had the following material transactions with related parties during the period:

Compensation of key management personnel of the Group

	Three months ended 30 September 2016 (Unaudited) HK\$'000		Six months ended 30 September 2016 (Unaudited) HK\$'000	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Short term employees benefits	1,230	735	2,310	1,470
Post-employment benefits	28	47	56	95
Total compensation paid to key management personnel	1,258	782	2,366	1,565

22. APPROVAL OF INTERIM FINANCIAL STATEMENTS

The Interim Accounts were approved and authorised for issue by the Board on 14 November 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is principally engaged in the provision of corporate finance advisory services mainly to listed and non-listed companies in Hong Kong and the PRC and provision of dry bulk shipping services.

Corporate finance advisory services

The Group continues seeking to position itself as one of the active local corporate finance advisory service providers in Hong Kong. The Group provides a broad range of corporate finance advisory services to its clients, including:

- (i) advising on the Listing Rules, the GEM Listing Rules and Takeovers Code;
- (ii) acting as independent financial adviser to transactions of listed issuers falling under the Listing Rules, the GEM Listing Rules and the Takeovers Code;
- (iii) advising on M&A activities and other corporate activities; and
- (iv) advising on corporate resumption.

During the period under review, the Group recorded revenue from corporate finance advisory segment of approximately HK\$2,708,000 for the six months ended 30 September 2016 (2015: HK\$4,684,000), representing a decrease of approximately 42.19% when compared to the corresponding period in 2015. During the period under review, the momentum of our existing clients was relatively weak. However, we have obtained several new transactions during the period under review and it is expected that contribution from these transactions will be reflected in the third quarter of 2016.

Dry bulk shipping services

During the period under review, revenue contributed from dry bulk shipping business was approximately HK\$156,189,000.

Investment in an associate relating to Acquired Immunodeficiency Syndrome ("AIDS") medication business

The Directors are of the view that the current progress of the AIDS medication business is satisfactory and the phase IIIb of the clinical trials of the AIDS medication capsule could be completed in late 2016. The Board is confident that the AIDS medication business would create value to the shareholders of the Company (the "Shareholders") in future.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Business Review (Continued)

Reference is made to the 2015/2016 annual report of the Company for the year ended 31 March 2016 in relation to, among other things, the entering into of an agreement between the Group and an independent purchase to dispose of the Group's investment in mining business on 23 June 2016 (the "Disposal"). The Disposal was subsequently completed on 28 September 2016 at a consideration of HK\$2,000,000.

The Company's Directors and management will continue to dedicate their best effort to lead the Group to strive for the best interests for its Shareholders.

Financial Review

Results

For the six months ended 30 September 2016, revenue of the Group increased by approximately 33.9 times to approximately HK\$158,897,000 from approximately HK\$4,684,000 in the corresponding period in 2015.

The Group's administrative and operating expenses for the six months ended 30 September 2016 increased by approximately 52.17% to approximately HK\$6,709,000 compared to approximately HK\$4,409,000 for the corresponding period in 2015. The increase in administrative and operating expenses were mainly due to the additional administrative and operating incurred to cope with the day bulk shipping business.

The Group's loss attributable to owners of the Company for the six months ended 30 September 2016 was approximately HK\$6,785,000 compared to approximately HK\$12,918,000 for the corresponding period last year. The loss was mainly attributable to (i) share of amortization of intangible assets and loss of an associate of the Company amounting to approximately HK\$10,369,000; (ii) imputed interest incurred in respect of the convertible bonds in relation to the acquisition of 20% equity interest in Revenue Synthesis Limited dated 24 August 2014 amounting to approximately HK\$3,174,000. **The Board wishes to draw the attention of the shareholders of the Company and potential investors to the fact that the abovementioned share of amortization of intangible assets and loss from an associate of the Company and the imputed interest incurred relating to the convertible bonds are non-cash in nature and will not have any impact on the cash flow of the Group. The Group remains in a healthy and solid financial condition. For illustrative purposes only, excluding the above-mentioned non-cash expenses, the Group would have recorded an operating profit of approximately HK\$6,234,000 for the six months ended 30 September 2016.**

FOREIGN EXCHANGE EXPOSURE

The Group continues to adopt a conservative treasury policy with all bank deposits being kept in either Hong Kong dollars, keeping a minimum exposure to foreign exchange risks.

TREASURY POLICIES

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce exposure to credit risk by performing ongoing credit evaluation of the financial conditions of its clients. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

PLEDGE OF ASSETS

As at 30 September 2016, the Group did not pledge any of its assets (30 September 2015: nil) as securities for the banking facilities granted to the Group.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2016, the Group had 28 full-time employees (30 September 2015: 16 full-time employees), including the Directors. Total employee benefit expenses (including Directors' emoluments) were approximately HK\$4,956,000 for the six months ended 30 September 2016 as compared to approximately HK\$1,285,000 for the six months ended 30 September 2015. Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. Year-end bonus based on individual performance will be paid to employees as recognition of and reward for their contributions. Other benefits include contributions to statutory mandatory provident fund scheme and medical benefit to its employees in Hong Kong. In addition, the Group adopted a share option scheme for eligible employees (including Directors) to provide incentives to participants for their contribution and continuing efforts to promote the interests of the Group.

OUTLOOK

We will continue to pursue our core business, the provision of corporate finance advisory services mainly to listed and non-listed companies in Hong Kong and the PRC and the dry bulk shipping business. For our corporate finance advisory segment, we will continue to enhance our professional knowledge to cope with the rapid changing capital market and regulatory environment in Hong Kong in order to maintain our professionalism in the corporate finance industry. We will continue to increase our exposure and improve our public awareness in the capital market to enhance our client base. For our dry bulk shipping business, we will continue to manage our business under asset-light operation model and we will further broaden our customer base. We will also actively explore other business opportunities to maximize shareholder's wealth and diversify business risk in future. We will continue to dedicate the best effort to lead the Group to strive for the best interests for the Company's shareholders.

SHARE OPTION SCHEME

The Company has conditionally adopted the share option scheme (the "Scheme") on 21 September 2011 under which certain selected classes of participants (including, among others, full-time employees) may be granted options to subscribe for the Company's shares. The principal terms of the Scheme are summarised in the paragraph headed "Share Option Scheme" in Appendix V to the prospectus of the Company dated 28 September 2011.

Details of the options granted under the Scheme, their movements during the six months ended 30 September 2016 and the options outstanding as at 30 September 2016 were as follows:

Participant	Options type	Date of grant	Exercise price per share HK\$	Fair value at grant date per share HK\$	Exercise period	Number of options					As at 30 September 2016
						As at 1 April 2016	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	
					17/9/2014						
Employees other than directors	2014	17/9/2014	0.68	0.13027	16/9/2024	12,500	-	-	-	-	12,500
					17/9/2014						
					-						
Consultant	2014	17/9/2014	0.68	0.13027	16/9/2024	2,500	-	-	-	-	2,500
						15,000	-	-	-	-	15,000

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 September 2016, the interests and short positions of each Director and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) ("SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange, were as follows:

Long positions in the Company

Name of Director and chief executive	Type of interests	Number of ordinary shares held	Number of underlying shares pursuant to share option	Approximate percentage of shareholding in the Company
Ms. Ho Chiu Ha Maisy (<i>Note 1</i>)	Beneficial owner	336,000,000	–	14.87%
	Interest of a controlled corporation	87,062,500	140,000,000	10.05%
Mr. Wong Kam Wah (<i>Note 2</i>)	Interest of a controlled corporation	140,000,000	–	6.19%
Ms. Man Wing Yee Ginny	Beneficial owner	440,040,000	–	19.47%
Mr. Wang Qiang	Beneficial owner	100,000,000	–	4.42%
Mr. Lau Ling Tak	Beneficial owner	43,937,500	–	1.94%

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION (CONTINUED)

Long positions in the Company (Continued)

Note(s):

1. Ms. Ho Chiu Ha Maisy has a total interest in 563,062,500 shares/underlying shares (representing and aggregate of approximately 24.91% shareholding in the Company), of which (i) 87,062,500 shares were allotted to Refulgent Sunrise Limited, a company owned as to 36% by Ms. Ho Chiu Ha Maisy and it is an approximately 75% shareholder of Revenue Synthesis Limited, an associated corporation of the Company, As a result, Ms. Ho Chiu Ha Maisy is deemed to be interested in the approximately 75% shareholding in Revenue Synthesis Limited by virtue of the SFO; (ii) Ms. Ho Chiu Ha Maisy personal held 336,000,000 shares; and (iii) 140,000,000 shares relate to her derivative interests in convertible bonds through her shareholding in Refulgent Sunrise Limited. Details of which are disclosed in "Convertible Bonds" below.
2. These shares are registered in the name of Kate Glory Limited. Mr. Wong Kam Wah is the beneficial owner of 100% of the issued share capital of Kate Glory Limited. By virtue of the SFO, Mr. Wong Kam Wah is deemed to be interest in 140,000,000 shares held by Kate Glory Limited.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION (CONTINUED)

Long positions in the Company (Continued)

Convertible bonds

Name of bondholder	Date of issue	Conversion period	Conversion price per share	Outstanding as at the Latest Practicable Date	Number of underlying shares	Approximate percentage of the issued share capital of the Company
Refulgent Sunrise Limited	5 December 2012	5 December 2012 – 4 December 2017	0.625	140,000,000	140,000,000	6.19%

Save as disclosed above, as at 30 September 2016, none of the Directors and chief executive of the Company had any other interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 30 September 2016, so far as was known to the Directors, the following persons/entities (other than the Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any member of the Group were as follows:

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES (CONTINUED)

Long positions in the Company

Name of shareholders	Capacity	Number of ordinary shares held	Number of underlying shares held	Approximate percentage of shareholding in the Company
Kate Glory Limited (<i>Note 1</i>)	Beneficial owner	140,000,000	–	6.19%
Mr. Wong Kam Wah (<i>Note 1</i>)	Interest of a controlled corporation	140,000,000	–	6.19%
Ms. Man Wing Yee Ginny	Beneficial owner	440,040,000	–	19.47%
Ms. Ho Chiu Ha Maisy (<i>Note 2</i>)	Beneficial owner/interest of a controlled corporation	423,062,500	140,000,000	24.91%
Refulgent Sunrise Limited (<i>Note 2</i>)	Beneficial owner	87,062,500	140,000,000	10.05%
Ms. Li Zhaoxia	Beneficial owner	109,600,000	404,000,000	22.73%
Mr. Zhao Genlong	Beneficial owner	200,000,000	–	8.85%

Note:

- 1) Kate Glory Limited is an investment holding company incorporated in the British Virgin Islands ("BVI") with limited liability, its entire issued share capital is wholly and beneficially owned by Mr. Wong Kam Wah.
- 2) Refulgent Sunrise Limited is a company incorporated in BVI with limited liabilities and is owned as to 36% by Ms. Ho Chiu Ha Maisy. As a result, Ms. Ho Chiu Ha Maisy and Mr. Tsang Yan are deemed to be interested in this shareholding through Refulgent Sunrise Limited by virtue of the SFO. Ms. Ho Chiu Ha Maisy personally held 336,000,000 shares.

Save as disclosed above, as at 30 September 2016, the Directors were not aware of any other persons/entities (other than the Directors and chief executive of the Company) who had interests or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or who is directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any member of the Group.

DIRECTOR'S RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the reporting period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or of any other body corporate granted to any directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the directors, their respective spouse or children under 18 years of age to acquire such rights in the Company or any other body corporate.

PURCHASE, REDEMPTION OR SALE OF THE LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries, has purchased, redeemed or sold any of the Company's listed shares during the three months ended 30 September 2016.

DIRECTOR'S INTERESTS IN COMPETING INTERESTS

During the six months ended 30 September 2016, none of the Directors, the management shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) had any interest in a business which causes or may cause a significant competition with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, the Company was not aware of any non-compliance with such required standard of dealings and its code of conduct regarding securities transactions by directors during the six months ended 30 September 2016.

CODE OF CORPORATE GOVERNANCE PRACTICES

Throughout the six months ended 30 September 2016, the Company had complied with all the code provisions set out in the Appendix 15 Corporate Governance Code and Corporate Governance Report (the “CG Code”) of the GEM Listing Rules with the exception of the following deviation:

CODE PROVISION E.1.2

Code provision E.1.2 of the CG Code stipulates that the chairman of the board should attend the annual general meeting.

DEVIATION

The chairlady of the Board, Ms. Ho Chiu Ha Maisy, was unable to attend the annual general meeting of the Company held on 30 September 2016 (the “AGM 2016”) as she had other important business engagement. However, Mr. Wong Kam Wah, an executive Director, had chaired the AGM 2016 in accordance with the articles of association of the Company

AUDIT COMMITTEE

The Company set up an audit committee (the “Committee”) on 21 September 2011, with written terms of reference in compliance with the GEM Listing Rules, for the purpose of reviewing and providing supervision over the financial reporting process and internal control of the Group. The Committee comprises three independent non-executive Directors, namely Mr. Chiu Chi Kong, Mr. William Robert Majcher and Mr. Yau Yan Ming Raymond (as the Committee chairman) and an executive Director, Mr. Lau Ling Tak. The unaudited condensed consolidated first quarterly financial statements of the Group for the six months ended 30 September 2016 have not been audited by the Company’s auditors, but have been reviewed by the Committee, who is of the opinion that the first quarterly financial statements comply with the applicable accounting standards, the Stock Exchange and legal requirements, and that adequate disclosures have been made.

By Order of the Board
Unitas Holdings Limited
Ho Chiu Ha Maisy
Chairlady

Hong Kong, 14 November 2016

As at the date of this report, the Company’s executive Directors are Ms. Ho Chiu Ha Maisy (Chairlady), Mr. Wong Kam Wah, Mr. Lau Ling Tak, Ms. Man Wing Yee Ginny, Mr. Leung Man Kit and Mr. Wang Qiang, and the independent non-executive Directors are Mr. Chiu Chi Kong, Mr. William Robert Majcher and Mr. Yau Yan Ming Raymond.