



# UBA INVESTMENTS LIMITED

開明投資有限公司\*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 768)

## ANNOUNCEMENT OF INTERIM RESULTS

### FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2007

#### RESULTS

The board of directors (the “Board”) of UBA Investments Limited (the “Company”) is pleased to announce that the unaudited interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2007 and the Group’s state of affairs as at that date together with the comparative figures as follows:

#### CONDENSED CONSOLIDATED INCOME STATEMENT

##### For the six months ended 30 September

	<i>Note</i>	<u>2007</u> (unaudited) <i>HK\$</i>	<u>2006</u> (unaudited) <i>HK\$</i>
<b>Turnover</b>	3	172,102,371	63,500,800
Costs of listed securities disposed		(131,160,651)	(52,703,525)
Other revenues	4	155,839	202,628
Other net (loss)/gain	4	(4,114,119)	657,378
Administrative and other operating expenses		(1,737,360)	(1,420,526)
Finance costs	5	<u>(723,005)</u>	<u>(309,442)</u>
<b>Profit before taxation</b>		34,523,075	9,927,313
Income tax expense	6a	<u>(2,476,681)</u>	<u>-</u>
<b>Profit for the period</b>		<u>32,046,394</u>	<u>9,927,313</u>
Attributable to:			
Equity holders of the Company		<u>32,046,394</u>	<u>9,927,313</u>
<b>Earnings per share</b>			
Basic	7	<u>3.02 cents</u>	<u>0.94 cents</u>
Diluted	7	<u>N/A</u>	<u>N/A</u>

## CONDENSED CONSOLIDATED BALANCE SHEET

	<i>Note</i>	30 September 2007 (unaudited) HK\$	31 March 2007 (audited) HK\$
<b>Non-current assets</b>			
Property, plant and equipment		17,229	18,034
Available-for-sale financial assets		<u>72,573,575</u>	<u>81,537,683</u>
		72,590,804	81,555,717
<b>Current assets</b>			
Amounts due from investee companies		19,206,168	20,806,169
Loans and other receivables	8	80,130,278	60,060
Financial assets at fair value through profit or loss		60,736,560	36,545,710
Cash and bank balances		<u>16,807,728</u>	<u>13,096,601</u>
		176,880,734	70,508,540
<b>Current liabilities</b>			
Accruals		163,000	161,155
Interest-bearing borrowings		60,859,579	164,280
Provision for profits tax		<u>3,836,681</u>	<u>1,360,000</u>
		64,859,260	1,685,435
<b>Net current assets</b>		<u>112,021,474</u>	<u>68,823,105</u>
<b>Net assets</b>		184,612,278	150,378,822
<b>Capital and reserves</b>			
Share capital		10,597,782	10,597,782
Reserves		<u>174,014,496</u>	<u>139,781,040</u>
<b>Total equity</b>		184,612,278	150,378,822
<b>Net asset value per share</b>		0.174	0.142

## Notes on the condensed financial statements

### 1. Basis of preparation and accounting policies

The Company is a public limited company incorporated in the Cayman Islands with its shares listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of its registered office is Uglan House, South Church Street, P.O. Box 309, George Town, Grand Cayman, Cayman Islands, British West Indies. The principal place of business is 2nd Floor, Wah Kit Commercial Centre, 302 Des Voeux Road Central, Hong Kong.

The Company and its subsidiaries are engaged in investment holding and trading of securities.

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

### 2. Accounting policies

The unaudited condensed consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

The accounting policies adopted in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2007 except as described below.

In the current interim period, the Group has adopted, for the first time, a number of new standards, amendments and interpretations (hereafter collectively referred to as the “new HKFRSs”) issued by the HKICPA, which are effective for accounting periods beginning on or after 1 January 2007.

HKAS 1	Amendment Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions

The adoption of these new HKFRSs has had no material effect on how the results of operations and financial position of the Group are prepared and presented.

The Group has not early adopted the following new HKFRSs that have been issued but are not yet effective. The Board of the Company expects that application of these new HKFRSs will have no material impact on the results and financial position of the Group.

HKAS 23 (Revised)	Borrowing Costs <sup>1</sup>
HKFRS 8	Operating Segments <sup>1</sup>
HK(IFRIC)-Int 12	Service Concession Arrangements <sup>2</sup>
HK(IFRIC)-Int 13	Customer Loyalty Programmes <sup>3</sup>
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction <sup>2</sup>

<sup>1</sup> Effective for accounting periods beginning on or after 1 January 2009.

<sup>2</sup> Effective for accounting periods beginning on or after 1 January 2008.

<sup>3</sup> Effective for accounting periods beginning on or after 1 July 2008.

### 3. Turnover

	For the six months ended 30 September	
	<u>2007</u> <i>HK\$</i>	<u>2006</u> <i>HK\$</i>
Proceeds from sale of available-for-sale financial assets – listed	48,742,658	51,569,422
Proceeds from sale of financial assets at fair value through profit or loss – listed	121,257,051	10,649,059
Dividend income from listed equity securities	1,292,662	1,282,319
Dividend income from unlisted equity securities	<u>810,000</u>	<u>-</u>
	<u>172,102,371</u>	<u>63,500,800</u>
	=====	=====

No analysis of the Group's turnover and contribution to operating profit for the period set out by principal activities and geographical markets is provided as the Group has only one single business segment, investment holding and all the consolidated turnover and the consolidated results of the Group are attributable to the markets in Hong Kong.

### 4. Other Revenues and Other Net (Loss)/Gain

	For the six months ended 30 September	
	<u>2007</u> <i>HK\$</i>	<u>2006</u> <i>HK\$</i>
<b>Other revenues</b>		
Interest income	155,759	193,998
Other income	<u>80</u>	<u>8,630</u>
	<u>155,839</u>	<u>202,628</u>
	=====	=====
<b>Other net (loss)/gain</b>		
Net unrealised gain on financial assets at fair value through profit or loss	4,391,457	657,378
Impairment loss on available-for-sales financial assets in listed equity securities	<u>(8,505,576)</u>	<u>--</u>
	<u>(4,114,119)</u>	<u>657,378</u>
	=====	=====

## 5. Finance Costs

	For the six months ended 30 September	
	<u>2007</u> <i>HK\$</i>	<u>2006</u> <i>HK\$</i>
Interest on other borrowings wholly repayable within five years	723,005	309,442

## 6. Income Tax Expense

- a) Income tax expense in the condensed consolidated income statement represents:

	For the six months ended 30 September	
	<u>2007</u> <i>HK\$</i>	<u>2006</u> <i>HK\$</i>
Hong Kong profits tax - current period	2,476,681	-

Provision for Hong Kong profits tax has been made at the rate of 17.5% on the estimated assessable profits for the period after deducting the available tax losses brought forward from previous years (2006: no provision for Hong Kong profits tax had been made as the Group did not generate any assessable profits for the prior period).

- b) Reconciliation between income tax expense and the Group's accounting profit at the applicable tax rates is set out below:

	For the six months ended 30 September	
	<u>2007</u> <i>HK\$</i>	<u>2006</u> <i>HK\$</i>
Profit before taxation	34,523,075	9,927,313
Notional tax charge on profit before taxation, calculated at the applicable tax rate of 17.5% (2006: 17.5%)	6,041,538	1,737,280
Tax effect of profit not subject to taxation	(5,388,640)	(1,921,668)
Tax effect of non deductible expenses	1,524,564	33,682
Tax effect on unrecognised temporary difference	387	341
Tax effect of unused tax losses not recognised	298,832	150,365
Actual tax expenses	<u>2,476,681</u>	<u>---</u>

## 7. Earnings Per Share

The basic earnings per share is based on the Group's profit attributable to equity holders of the parent of HK\$32,046,394 (2006: HK\$9,927,313) and the weighted average number of 1,059,778,200 (2006:

1,059,778,200) ordinary shares in issue during the period.

No diluted earnings per share for the six months ended 30 September 2007 and 2006 are presented respectively as the Company does not have dilutive potential ordinary shares.

## 8. Loans And Other Receivables

	30 September <u>2007</u> HK\$	31 March <u>2007</u> HK\$
Deposits and prepayments	60,060	60,060
Other receivables	<u>80,070,218</u>	<u>-</u>
	<u>80,130,278</u>	<u>60,060</u>
	=====	=====

No ageing analysis is disclosed for other receivables in view of the fact that they comprise mainly margin deposit for application of new shares during initial public offering (IPO), rental deposits, dividend receivable from listed equity securities and interest income from fixed deposit.

The excess margin deposit will be refunded to the Group after the IPO closed.

## 9. INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend in respect of the six months ended 30 September 2007 (2006: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

#### Operation review

The Group recorded a net profit attributable to equity holders of approximately HK\$32.0 million for the six months ended 30 September 2007, showing a significant improvement when compared with the last corresponding period of net profit of HK\$9.9 million. The Group had realized some long term listed securities and short term listed securities at a good profit. Turnover increased over 171% from HK\$63.5 million to over HK\$172.1 million. Earnings per share increased over 2 times when compared with the last corresponding period, resulting from change in investment portfolio where emphasized more on listed equity investment with manageable risk control.

In addition, the net asset value has increased by 22.7% from HK\$150.4 million to HK\$184.6 million. The finance costs increased by 134% from HK\$309,442 to HK\$723,005 which is mainly due to active involvement in IPO, and commencement in investment in precious metal market. Management will continue to adopt tight cost control in order to maximize the best interest for shareholders.

#### Prospects

Given strong growth of China's economy foundation, China's political and monetary policy effect, the Hong Kong stock market will be volatile with any move in the Mainland China. China's global economic power is rising dramatically. Mainland China is playing a more important and larger role in the Asia Pacific region. Hong Kong is now less affected by US economic trends than before.

Following China economy improvement and large accumulation of wealth of the citizens, QDII and

“through train” policy will point the way of investment channel for hot money. Since the Olympic Games will be held next year, China’s economy will be expected to have further substantial growth. In addition, the differences of underlying stock price between A-Stock and H-Stock is obvious. When the policy of “ through train” is implemented, the Hang Sang Index and H-Shares Index will have room to grow further. Most of Hong Kong’s listed companies will benefit from China’s boom in domestic demand in different business sectors such as retail, property, finance and banking. The effect of China economic growth will reflect their stock prices in future. Our Group is now prepared to grasp this golden opportunity with prudent securities selection.

Although, the sub-prime loan crisis will not be completely solved in the foreseeable future, we believe it is unlikely to have a long-term adverse effect on Hong Kong Stock Market. Since China is playing a larger and more important role on Hong Kong Stock Market with strong foundation of economic growth, and implementation of a more stable political policy and monetary policy, we expect these factors to have a strong backup for Hong Kong Stock Market. The overall Hong Kong economy will finally benefit from the fruit of the economy growth in future.

Besides the China effect, undertaking 10 major infrastructure projects for economic growth is a good stimulus to boost Hong Kong economy. Although Hong Kong seems to have inflation caused by weakness of US dollar and increase of price of raw material and fuel, the investment atmosphere will continue to be boosted and inspired with positive perspective.

As a whole, we believe the overall stock market will benefit from the China’s strong economy foundation growth and the policy of both China and Hong Kong Government. We will continue to keep our focus on Hong Kong listed securities in order to maximise shareholders’ benefit under a manageable risk control.

## **FINANCIAL REVIEW**

### **Liquidity and Financial Resources**

As at 30 September 2007, the Group had bank balances and cash of HK\$16,807,728 (31 March 2007: HK\$13,096,601) and had no other borrowing. The Board believes that the Group has sufficient financial resources to satisfy its commitments and working capital requirements.

As at 30 September 2007, part of the listed equity securities of the Group and the Company had been pledged to secure margin facilities and loans granted by a related company.

### **Capital Structure**

There was no change to the Group’s capital structure for the six months ended 30 September 2007.

### **Share Options**

The Group does not adopt any share option scheme.

### **Capital commitment and contingent liabilities**

As at 30 September 2007, the Group had no material capital commitment and contingent liabilities.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors by Listed Issuers (the “Model Code”) set out in Appendix 10 of the Listing Rules. Upon enquiry by the Company, all Directors of the Company have confirmed that they have complied with the required standards set out in the Model Code throughout the Period.

## **AUDIT COMMITTEE**

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the unaudited condensed accounts for the six months ended 30 September 2007 before recommending them to the Board for approval.

The Committee comprises three independent non-executive directors, namely Mr. Chan Chung Yee, Alan, David, Dr. Lewis Hung Fung and Mr. Ip Man Tin, David.

## **EMPLOYMENT AND REMUNERATION POLICIES**

As at 30 September 2007, the Group employed a total of 5 full-time employees (2006:4 full-time employees), including the executive directors of the Group. Employees' remuneration are fixed and determined with reference to the market rate.

## **CORPORATE GOVERNANCE**

The Company has complied throughout the six months ended 30 September 2007 with the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange, except that independent non-executive directors of the Company were not appointed for a specific term but are subject to retirement by rotation according to the provision of the Company's bye-laws.

## **EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES**

The Group's assets and liabilities are denominated in Hong Kong Dollars and, therefore, the Group has no significant exposure to foreign exchange fluctuation.

## **SUFFICIENCY OF PUBLIC FLOAT**

According to the information that is publicly available to the Company and within the knowledge of the Board, the percentage of the Company's shares which are in the hands of the public exceeds 25% of the Company's total number of issued shares.

## **REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

During the six months ended 30 September 2007, there was no repurchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries.

By order of the Board  
**Li Kwok Cheung, George**  
*Executive Director*

Hong Kong, 13 December 2007

*As at the date of this announcement, the executive directors of the Company comprise Mr. Leung King Yue, Alex Mr. Li Kwok Cheung, George Dr. Wong Yun Kuen and Mr. Cheng Wai Lun, Andrew. The independent non-executive directors of the Company comprise Mr. Chan Chung Yee, Alan, Dr. Lewis Hung Fung and Mr. Ip Man Tin, David.*

\* *For identification only*