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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 2013

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 2013 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>	2013 (unaudited) HK\$	2012 (unaudited) HK\$
Turnover	4	133,720,877	31,511,680
Costs of listed securities disposed		(130,621,923)	(29,123,784)
Other revenues	5	232,421	545,180
Other net gain/(loss)	5	4,899,125	(1,181,403)
Administrative and other operating expenses		(1,963,491)	(1,685,679)
Finance costs	7	(21,237)	(21,961)
Profit before taxation	8	6,245,772	44,033
Income tax expense	9	-	-
Profit for the period attributable to equity holders of the Company		6,245,772	44,033
Earning per share			
Basic	10	0.59cents	0 cents
Diluted	10	N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 September

	2013 (unaudited) HK\$	2012 (unaudited) HK\$
Profit for the period attribute to equity holders of the Company	<u>6,245,772</u>	<u>44,033</u>
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Available-for-sale financial assets:		
Fair value changes during the period	4,242,890	1,960,366
Reclassification adjustments transferred to consolidated income statement		
- Released upon disposal of available-for-sale financial assets	<u>(29,434)</u>	<u>311</u>
Other comprehensive income for the period, net of tax	<u>4,213,456</u>	<u>1,960,677</u>
Total comprehensive income attributable to equity holders of the Company	<u>10,459,228</u>	<u>2,004,710</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	30 September 2013 (unaudited) HK\$	31 March 2013 (audited) HK\$
NON-CURRENT ASSETS			
Property, plant and equipment		24,802	28,998
Available-for-sale financial assets	11	<u>30,405,153</u>	<u>26,205,685</u>
		30,429,955	26,234,683
CURRENT ASSETS			
Amounts due from investee companies		<u>1,359,000</u>	3,745,168
Amounts due from related companies		<u>5,797,114</u>	499,895
Prepayments and deposits	12	<u>68,762</u>	66,060
Financial assets at fair value through profit or loss	13	<u>63,912,854</u>	48,043,759
Cash and bank balances		<u>16,928,200</u>	32,412,976
		<u>88,065,930</u>	84,767,858
CURRENT LIABILITIES			
Accruals		<u>50,000</u>	249,962
Deposit Received		-	2,765,922
Other payables		<u>1,884,200</u>	1,884,200
		<u>1,934,200</u>	4,900,084
NET CURRENT ASSETS		<u>86,131,730</u>	<u>79,867,774</u>
NET ASSETS		<u>116,561,685</u>	<u>106,102,457</u>
CAPITAL AND RESERVES			
Share capital		<u>10,597,782</u>	10,597,782
Reserves		<u>105,963,903</u>	95,504,675
TOTAL EQUITY		<u>116,561,685</u>	<u>106,102,457</u>
NET ASSET VALUE PER SHARE	14	<u>0.11</u>	<u>0.10</u>

NOTES ON THE CONDENSED FINANCIAL STATEMENTS

1. GENERAL

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 P.O. Box 309, Uglan House, Grand Cayman, KY1-1104, Cayman Islands. The principal place of business is Flat B, 16th Floor, Wah Kit Commercial Centre, 300 Des Voeux Road Central, Hong Kong. The Company and its subsidiaries are engaged in investment holding and trading of securities.

2. BASIS OF PREPARATION

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

The condensed consolidated financial statements do not include all the information and disclosure required in the annual consolidated financial statements, and should be read in conjunction with the Company and its subsidiaries (the “Group”) annual consolidated financial statements at 31 March 2013.

3. ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared under the historical cost basis, except for available-for-sale financial assets and financial assets at fair value through profit or loss which are stated at fair values, as appropriate.

The accounting policies used in the condensed consolidated financial statement are consistent with those used in the annual consolidated financial statements of the Group for the year ended 31 March 2013, except that in the current period the Group has adopted certain new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) as detailed in note (a) below:

(a) Changes in accounting policy and disclosures

The Group has also adopted the following new and revised HKFRSs issued by the HKICPA. However, the adoption of these new and revised HKFRSs has had no material effect on these financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards - Government Loans</i>
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities Consolidated Financial Statements</i>
HKFRS 10	<i>Joint Arrangements</i>
HKFRS 11	<i>Disclosure of Interests in Other Entities</i>
HKFRS 12	
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 - <i>Transition Guidance</i>

3. ACCOUNTING POLICIES (CONT'D)

(a) Changes in accounting policy and disclosures (cont'd)

HKFRS 13	<i>Fair Value Measurement</i>
HKAS 1 Amendments	Amendments to HKAS 1 <i>Presentation of Financial Statements</i> - <i>Presentation of Items of Other Comprehensive Income</i>
HKAS 19 (2011)	<i>Employee Benefits</i>
HKAS 27 (2011)	<i>Separate Financial Statements</i>
HKAS 28 (2011)	<i>Investments in Associates and Joint Ventures</i>
HK(IFRIC) - Int 20	<i>Stripping Costs in the Production Phase of a Surface Mine</i>
<i>Annual Improvements</i> <i>2009 - 2011 Cycle</i>	Amendments to a number of HKFRSs issued in June, 2012

(b) Issued but not yet effective Hong Kong Financial Reporting Standards

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 7 and 9 Amendments	Mandatory Effective Date and Transition Disclosures ²
HKFRS 9	<i>Financial Instruments</i> ²
HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Amendments to HKFRS 10, HKFRS 12 and HKAS 27(2011) - <i>Investment Entities</i> ¹
Amendments	
HKAS 32 Amendments	Amendments to HKAS 32 <i>Financial Instruments: Presentation –</i> <i>Offsetting Financial Assets and Financial Liabilities</i> ¹
HK(IFRIC) – Int 21	<i>Levies</i> ¹

¹ Effective for annual periods beginning on or after 1st January, 2014

² Effective for annual periods beginning on or after 1st January, 2015

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers that these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

4. TURNOVER

	For the six months ended 30 September	
	2013 (unaudited) HK\$	2012 (unaudited) HK\$
Proceeds from sale of available-for-sale financial assets – listed	38,133	8,409
Proceeds from sale of financial assets at fair value through profit or loss – listed	131,590,858	29,599,255
Dividend income from listed equity securities	2,091,886	1,904,016
	<u>133,720,877</u>	<u>31,511,680</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.

No information about major customers has been disclosed as a substantial portion of the Group's income is derived from the Group's investments and the disclosures of information regarding customers would not be meaningful.

5. OTHER REVENUES AND OTHER NET LOSS

	For the six months ended 30 September	
	2013 (unaudited) HK\$	2012 (unaudited) HK\$
Other revenues		
Interest income	17,914	112
Bad debt recovery	214,507	545,068
	<u>232,421</u>	<u>545,180</u>
Other net gain/(loss)		
Gain on disposal of subsidiary (note 6)	5,690,761	-
Net unrealised loss on financial assets at fair value through profit or loss	(816,291)	(1,306,843)
Net gain from futures and metals trading	24,655	125,440
	<u>4,899,125</u>	<u>(1,181,403)</u>

6. DISPOSAL OF A SUBSIDIARY

In December 2012, the Company entered into an agreement with a third party to dispose of its 100% equity interest in Smart Hero Holdings Limited (“Smart Hero”). The disposal was completed in May 2013 and upon the disposal, the Group lost control of Smart Hero.

The net assets of Smart Hero on the date of disposal were as follows:

	(unaudited) HK\$
Total consideration	8,084,211
Net assets disposed of	<u>2,393,450</u>
Gain on disposal	<u>5,690,761</u>
Satisfied by:	
Cash	<u>8,084,211</u>
Net cash inflow arising on disposal:	
Total cash consideration received	<u>8,084,211</u>

7. FINANCE COSTS

	For the six months ended 30 September	
	2013 (unaudited) HK\$	2012 (unaudited) HK\$
Interest on other borrowings wholly repayable within five years	<u>21,237</u>	<u>21,961</u>

8. PROFIT BEFORE TAXATION

Profit before taxation has been arrived at after charging the following:

	For the six months ended 30 September	
	2013 (unaudited) HK\$	2012 (unaudited) HK\$
Depreciation	4,196	3,522
Investment management fee paid to a related company	866,063	784,669
Staff costs, including defined contributions of HK\$8,400 (2012: HK\$8,743) to MPF Scheme	224,577	221,606
Minimum lease payments on properties under operating leases	<u>132,000</u>	<u>120,000</u>

9. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the tax losses brought forward from prior years exceeded the estimated assessable profits of the Group for the period ended 30 September 2013 and 30 September 2012.

10. EARNINGS PER SHARE

The calculation of the basic earnings per share for the six months ended 30 September 2013 is based on the Group's profit attributable to equity holders of the Company for the period of HK\$6,245,772 (For the six months ended 30 September 2012: HK\$44,033) and 1,059,778,200 (For the six months ended 30 September 2012: 1,059,778,200) ordinary shares in issue during the period.

No diluted earnings per share for the six months ended 30 September 2013 and 2012 are presented respectively as the Company does not have dilutive potential ordinary shares.

11. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	30 September 2013 (unaudited) HK\$	31 March 2013 (audited) HK\$
Unlisted equity securities, at cost	9,214,000	9,471,281
Less: Provision for impairment loss	(6,227,445)	(6,477,445)
	<u>2,986,555</u>	<u>2,993,836</u>
Listed equity securities in Hong Kong	<u>27,418,598</u>	<u>23,211,849</u>
	<u>30,405,153</u>	<u>26,205,685</u>
Market value of listed equity securities	<u>27,418,598</u>	<u>23,211,849</u>

As at the end of the reporting period, all available-for-sale financial assets are stated at fair value except for those unlisted equity securities of which their fair values cannot be measured reliably. Fair values of listed equity securities have been determined by reference to published price quotations in active markets.

12. DEPOSITS AND OTHER RECEIVABLE

	30 September 2013 (unaudited) HK\$	31 March 2013 (audited) HK\$
Deposits	66,060	66,060
Other receivable	2,702	-
	<u>68,762</u>	<u>66,060</u>

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 September 2013 (unaudited) HK\$	31 March 2013 (audited) HK\$
Equity securities, - listed in Hong Kong at fair value	63,013,448	48,043,759
Derivative financial instruments at fair value	<u>899,406</u>	<u>-</u>
	<u>63,912,854</u>	<u>48,043,759</u>
 Market value of listed equity securities	 <u>63,013,448</u>	 <u>48,043,759</u>

Derivative financial assets represent financial instruments for trading of precious metals with financial institutions through a related company. These are categorised as financial assets at fair value through profit or loss unless they are designated as hedges.

14. NET ASSET VALUE PER SHARE

The calculation of net asset value per share is based on the net assets of HK\$116,561,685 (31 March 2013: HK\$106,102,457) and 1,059,778,200 (31 March 2013: 1,059,778,200) ordinary shares in issue as at 30 September 2013

15. INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend in respect of the six months ended 30 September 2013 (2012: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group recorded a net profit attributable to equity shareholders of approximately HK\$ 6,246,000 for the six months ended 30 September 2013 as compared to the net profit of approximately HK\$44,000 in the corresponding period of last year. The profit before the effect of the unrealised loss on financial assets at fair value through profit or loss is around HK\$7.06 million for this period. The significant increase in the net profit was mainly attributed to the gain on disposal of an investment during this financial year ended amounted to approximately HK\$5.7 million. In addition, the turnover increased significantly from HK\$31.51 million to HK\$133.73 million, 4.24 times compared with the corresponding period of last year. This resulted from continuous proactive investment strategy adopted by the management and consistence with the increasing transaction volume in Hang Seng Index compare with the same period in last year. Moreover, the Group maintains a healthy cash and bank balance of approximately HK\$16.9 million and HK\$32.4 million as at period ended 30 September 2013 and year ended 31 March 2013 respectively. The net asset value also increased by 9.9% to HK\$ 116.6 million from HK\$106.1 million.

During the corresponding period, the global and local equity markets had experienced a down trend in the second quarter but revived in the third quarter 2013. This volatility was mainly as a result of the speech delivered by the Chief of the US Federal Reserve (“the Fed”) Bernanke on 22 May 2013 for tapering the scale of Quantitative Easing Three scheme (“QE3”). With improvement in the US employment market, the Fed decided to reduce its treasury purchase and indicated to begin rolling back QE3 from late May 2013. As a result of the aforesaid speech by Bernanke, the global stock markets thus triggering sharp losses. However, the employment market, especially the non-farm payrolls were not increased as expected from June to August 2013. And after the speech of tapering QE3 by the Fed, the yield of US treasury’s 10-year bond hovering around 1.65% in May triggered an upward spiral to as high as 2.9% in August 2013, which was unfavour to the recovery of the economy. Finally, the Fed put tapering QE3 on hold in September 2013. These actions triggered a strong rally in global and local stock markets in September 2013.

On the other hand, under the new leadership of the Chinese Premier Li Keqiang (“Li”), especially after his announcement of a series of measurements in July 2013 to ensure the sustainability of China’s economy, the A share market performed well from July. These economic policies proposed by Li or so called “Likonomics” consist of three pillars which were retreat from economic stimulus policies, deleveraging in the financial sector and structural reform. In addition, Li also set the annual economic growth target of 7.5% with bottom line of 7%. Furthermore, the government established a free-trade zone in Shanghai in September which allowed investors to move capital into and out of China with fewer restrictions. It is a signal to lead the way to the broader opening of the Chinese economy to attract more investors. These actions led a positive development in China and the China manufacturing purchasing managers’ index (“PMI”) increased from 47.7 in July to 50.2 in September.

Turning to the stock market in Hong Kong, it witnessed tremendous volatility during this period. The Hang Seng Index (“HSI”) dropped from 23,493 in May 2013 to 19,855 in June 2013 due to the effect led by the speech of Bernanke for tapering the scale of QE3. With the continuous implementation of QE3 and the new China economy policies, the HSI rebounded since July and reached 23,502 in September 2013. Benefited by the aforesaid worldwide economic effect, the HSI increased by around 3% during the six months ended 30 September 2013 and the Group’s net asset increased in the same line to HK\$0.11 per share when compared with the year ended 31 March 2013, represented a 10% increase.

Prospects

After the announcement of continuous implement of QE3 from the Fed until the economic recovery and the impact from the “Likonomic” reforms, we expect that the low interest rate will keep for some time. In addition, QE3 can also maintain the liquidity in the global market to bring favorable impact on the equity markets. On the other hand, China will maintain a steady and healthy economic growth and focus on economic restructuring by applying the guidance from “Likonomics”. Investors may invest more in China and its stock markets. All the above factors may stimulate the global and local economic growth in the future. However, we also remain cautious on the time to wind down the scale of QE3 by the Fed which may add volatility to the market.

Given the above factors, the management will pay attention to the impact on the QE3 and the changes in China economy. The Group will continue to adopt and maintain conservative but proactive investment approach in order to bring better return for our shareholders.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 30 September 2013, the Group had bank balances and cash of HK\$16,928,200 (31 March 2013: HK\$32,412,976). The Board believes that the Group has sufficient financial resources to satisfy its commitments and working capital requirements.

As at 30 September 2013, part of the listed equity securities of the Group and the Company had been pledged to secure margin facilities provided by a related company.

Gearing Ratio

Gearing ratio had not been presented (2013: nil) as there was no debt as at 30 September 2013 (31 March 2013: HK\$ nil).

Dividend

The Board has resolved not to recommend a payment of interim dividend.

Capital Structure

There was no change to the Group’s capital structure for the six months ended 30 September 2013.

Capital commitment and contingent liabilities

As at 30 September 2013, the Group had no material capital commitment and contingent liabilities.

Foreign currency fluctuation

The Board believes that the foreign exchange risk is minimal as the Group mainly uses Hong Kong dollars to carry out its business transactions.

Share Options

The Group does not adopt any share option scheme.

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 2013 before recommending them to the Board for approval.

The Committee comprises three independent non-executive directors, namely Mr. CHAN Chung Yee, Alan, Dr. FUNG Lewis Hung and Mr. TANG Hon Bui, Ronald.

CORPORATE GOVERNANCE

The Company complied with the code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules (the “CG Code”) throughout the six months ended 30 September 2013, except for the following.

Code Provision A.4.1

Under the code provision A.4.1, non-executive directors should be appointed for a specific term and subject to re-election. None of the independent non-executive directors of the Company were appointed for a specific term. None of the non-executive directors has entered or proposed to enter into any service contracts with the Company or its subsidiaries. But all directors of the Company are subject to the retirement by rotation according to the provisions under article 157 of the Articles of Association of the Company. 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.

Code Provision A.6.7

Under the code provision A.6.7, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. The independent non-executive directors, Mr. CHAN Chung Yee, Alan and Mr. TANG Hon Bui, Ronald were unable to attend the annual general meeting (“AGM”) of the Company held on 16 August 2013 due to their other business engagements. This constitutes a deviation from code provision A.6.7 of the CG Code. Moreover, non attendance of these Independent Non-executive Directors may also constitute deviation from code provision E.1.2 of the CG Code. Despite of the two independent non-executive directors, all the other directors of the Company were present in the AGM.

EMPLOYMENT AND REMUNERATION POLICIES

As at 30 September 2013, the Group employed a total of 4 full-time employees (2012: 4), including the executive directors of the Group. Employees’ remuneration are fixed and determined with reference to the market rate.

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.

REMUNERATION COMMITTEE

The Remuneration Committee was set up on 22 July 2005 and the members comprised of three independent non-executive directors, Mr. CHAN Chung Yee, Alan, Dr. FUNG Lewis Hung and Mr. TANG Hon Bui, Ronald and one executive director, Mr. CHENG Wai Lun, Andrew. The Remuneration Committee has adopted the terms of reference in conformity with the CG Code. During the past one year, the remuneration committee had one meeting.

NOMINATION COMMITTEE

The Nomination Committee was set up on 21 March 2012, the members comprised of three independent non-executive directors, Mr. CHAN Chung Yee, Alan, Dr. FUNG Lewis Hung and Mr. TANG Hon Bui, Ronald and one executive director, Mr. CHENG Wai Lun, Andrew. The Nomination Committee has adopted the terms of reference in conformity with the CG Code.

REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 September 2013, there was no repurchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries.

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.

PUBLICATION OF THE INTERIM RESULTS AND INTERIM REPORT

This results announcement is published on the Stock Exchange's website (<http://www.hkex.com.hk>) and the Company's website (<http://www.uba.com.hk>). The 2013 interim report will be dispatched to the shareholders and will be available on websites of the Stock Exchange and the Company in due course.

By order of the Board
UBA INVESTMENTS LIMITED
CHAU Wai Hing
Chairman

Hong Kong, 18 November 2013

As at the date of this announcement, the Board of the Company consists of Mr. CHAU Wai Hing as chairman and executive director, Mr. CHENG Wai Lun, Andrew and Dr. WONG Yun Kuen as executive directors; Mr. CHAN Chung Yee, Alan, Dr. FUNG Lewis Hung and Mr. TANG Hon Bui, Ronald as independent non-executive directors.

* *For identification only*