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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 2015

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 2015 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>	2015 (unaudited) HK\$	2014 (unaudited) HK\$
Turnover	4	112,495,984	103,420,242
Costs of listed securities disposed		(104,250,311)	(99,881,947)
Other revenues	5	10	20
Other net gain	5	6,985,002	33,769,542
Administrative and other operating expenses		(2,589,148)	(1,926,808)
Finance costs	6	(173,772)	(40,344)
Profit before taxation	7	12,467,765	35,340,705
Income tax expense	8	-	-
Profit for the period attributable to equity holders of the Company		12,467,765	35,340,705
Earning per share			
Basic and diluted	9	1.18cents	3.33cents

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

	2015 (unaudited) HK\$	2014 (unaudited) HK\$
Profit for the period attributable to equity holders of the Company	<u>12,467,765</u>	<u>35,340,705</u>
Other comprehensive loss <i>Items that may be reclassified subsequently to profit or loss</i>		
Available-for-sale financial assets:		
Fair value changes during the period	(163,979)	(153,449)
Reclassification adjustments transferred to consolidated income statement		
- Released upon disposal of available-for-sale financial assets	<u>(1,831,500)</u>	<u>(17,937)</u>
Other comprehensive loss for the period, net of tax	<u>(1,995,479)</u>	<u>(171,386)</u>
Total comprehensive income attributable to equity holders of the Company	<u><u>10,472,286</u></u>	<u><u>35,169,319</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	30 September 2015 (unaudited) HK\$	31 March 2015 (audited) HK\$
NON-CURRENT ASSETS			
Property, plant and equipment		12,417	16,991
Available-for-sale financial assets	10	<u>24,188,704</u>	<u>19,980,135</u>
		24,201,121	19,997,126
CURRENT ASSETS			
Amounts due from investee companies		2,737,382	2,737,382
Amounts due from related companies		246,210	7,689,257
Deposits and other receivable		92,060	31,372,060
Financial assets at fair value through profit or loss	11	139,563,282	103,994,775
Cash and bank balances		15,742,089	15,308,686
		<u>158,381,023</u>	<u>161,102,160</u>
CURRENT LIABILITIES			
Accruals		44,000	9,033,427
		<u>44,000</u>	<u>9,033,427</u>
NET CURRENT ASSETS		<u>158,337,023</u>	<u>152,068,733</u>
NET ASSETS		<u>182,538,144</u>	<u>172,065,859</u>
CAPITAL AND RESERVES			
Share capital		10,597,782	10,597,782
Reserves		171,940,362	161,468,077
TOTAL EQUITY		<u>182,538,144</u>	<u>172,065,859</u>
NET ASSET VALUE PER SHARE	12	<u>0.172</u>	<u>0.162</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 2015.

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 2015, 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.

HKAS 19 (2011) Amendments	<i>Defined Benefit Plans: Employee Contributions</i>
<i>Annual Improvements 2010 – 2012 Cycle</i>	Amendments to a number of HKFRSs
<i>Annual Improvements 2011 – 2013 Cycle</i>	Amendments to a number of HKFRSs

3. ACCOUNTING POLICIES (CONT'D)

(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 9	<i>Financial Instruments</i> ¹
HKFRS 10 and HKAS 28 (2011) Amendments	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ²
HKFRS 10, HKFRS 12 and HKAS 28 (2011) Amendments	<i>Investment Entities: Applying the Consolidation Exception</i> ²
HKFRS 11 Amendments	<i>Accounting for Acquisitions of Interests in Joint Operations</i> ²
HKFRS 14	<i>Regulatory Deferral Accounts</i> ³
HKFRS 15	<i>Revenue from Contracts with Customers</i> ⁴
HKAS 1 Amendments	<i>Disclosure Initiative</i> ²
HKAS 16 and HKAS 38 Amendments	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> ²
HKAS 16 and HKAS 41 Amendments	<i>Agriculture :Bearer Plants</i> ²
HKAS 27 (2011) Amendments	<i>Equity Method in Separate Financial Statements</i> ²
<i>Annual Improvements 2012 – 2014 Cycle</i>	Amendments to a number of HKFRSs ²

¹ Effective for annual periods beginning on or after 1st January 2018

² Effective for annual periods beginning on or after 1st January 2016

³ Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1st January 2016 and therefore is not applicable to the Group

⁴ Effective for annual periods beginning on or after 1st January 2017

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	
	2015 (unaudited) HK\$	2014 (unaudited) HK\$
Proceeds from sale of available-for-sale financial assets – listed	6,039,917	1,846,628
Proceeds from sale of financial assets at fair value through profit or loss – listed	103,412,551	99,572,052
Dividend income from listed equity securities	3,043,516	2,001,562
	<u>112,495,984</u>	<u>103,420,242</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 GAIN

	For the six months ended 30 September	
	2015 (unaudited) HK\$	2014 (unaudited) HK\$
Other revenues		
Interest income	<u>10</u>	<u>20</u>
	<u>10</u>	<u>20</u>
Other net gain		
Net unrealised gain on financial assets at fair value through profit or loss	6,985,002	33,761,178
Net gain from futures and metals trading	-	8,364
	<u>6,985,002</u>	<u>33,769,542</u>

6. FINANCE COSTS

	For the six months ended 30 September	
	2015 (unaudited) HK\$	2014 (unaudited) HK\$
Interest on other borrowings wholly repayable within five years	<u>173,772</u>	<u>40,344</u>

7. PROFIT BEFORE TAXATION

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

	For the six months ended 30 September	
	2015 (unaudited) HK\$	2014 (unaudited) HK\$
Depreciation	4,574	4,684
Investment management fee paid to a related company	1,418,450	900,978
Staff costs, including defined contributions of HK\$9,650 (2014: HK\$9,340) to MPF Scheme	236,650	232,540
Minimum lease payments on properties under operating leases	<u>132,000</u>	<u>132,000</u>

8. 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 2015 and 30 September 2014.

9. EARNINGS PER SHARE

The calculation of the basic earnings per share for the six months ended 30 September 2015 is based on the Group's profit attributable to equity holders of the Company for the period of HK\$12,467,765 (For the six months ended 30 September 2014: HK\$35,340,705) and 1,059,778,200 (For the six months ended 30 September 2014: 1,059,778,200) ordinary shares in issue during the period.

The Company does not have dilutive potential ordinary shares for the six months ended 30 September 2015 and 2014 respectively.

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	30 September 2015 (unaudited) HK\$	31 March 2015 (audited) HK\$
Unlisted equity and debt securities, at cost	16,125,450	7,694,000
Less: Provision for impairment loss	(4,707,445)	(4,707,445)
	<u>11,418,005</u>	<u>2,986,555</u>
Listed equity securities in Hong Kong	<u>12,770,699</u>	<u>16,993,580</u>
	<u>24,188,704</u>	<u>19,980,135</u>
Market value of listed equity securities	<u>12,770,699</u>	<u>16,993,580</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 and debt 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.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 September 2015 (unaudited) HK\$	31 March 2015 (audited) HK\$
Equity securities, - listed in Hong Kong at fair value	138,944,904	103,233,806
Derivative financial instruments at fair value	<u>618,378</u>	<u>760,969</u>
	<u>139,563,282</u>	<u>103,994,775</u>
Market value of listed equity securities	<u>138,944,904</u>	<u>103,233,806</u>

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

12. NET ASSET VALUE PER SHARE

The calculation of net asset value per share is based on the net assets of HK\$182,538,144 (31 March 2015: HK\$172,065,859) and 1,059,778,200 (31 March 2015: 1,059,778,200) ordinary shares in issue as at 30 September 2015.

13. INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend in respect of the six months ended 30 September 2015 (2014: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group recorded a net profit attributable to equity shareholders of approximately HK\$ 12,467,000 for the six months ended 30 September 2015 as compared to the net profit of approximately HK\$35,340,000 in the corresponding period of last year. The significant decrease in the net profit was mainly due to the drop in unrealised gain on financial assets at fair value through profit or loss from HK\$33,760,000 in last corresponding period to HK\$6,985,000 for the current period. The turnover slightly increased 8% from HK\$103.4 million to HK\$112.5 million compared with the corresponding period of last year was resulted from continuous proactive investment strategy adopted by the management and consistence with the increasing transaction volume of the stock market compare with the same period in last year. In addition, the net assets value of the Group also outperformed the Hang Seng Index (“HSI”) during this period. Moreover, the Group maintains healthy cash and bank balances of approximately HK\$15 million for the period ended 30 September 2015 and year ended 31 March 2015. The net asset value also increased by 6% to HK\$ 182.5 million from HK\$172.1 million.

During the corresponding period, the global and local equity markets had experienced intense volatility and these markets, as a whole, soaring from the start of second quarter, but slumped since June 2015. The volatility was mainly due to many uncertainties around the world, starting with whether the Federal Reserve will raise rates this year, as well as many economic red flags overseas including Greece’s debt default and political uncertainty, depreciation in RMB, etc.

Entered into the second quarter, with the effect of Eurozone Quantitative Easing (“QE”) delivered by the European Central Bank (“ECB”) in the first quarter together with the good economic data of U.S., the equity markets rose worldwide. However, all the investors were waiting for the clear indication for the rate hike in U.S. from the Chief of Federal Reserve (the “Fed”), Janet Yellen (“Yellen”). Although Yellen indicated that the Fed was likely to raise its policy interest rate sometime before the year end, investors still worry the possibility of the early contemplating an interest rate increase policy. Together with the result of the referendum regarding Greece to reject the bailout condition in the country’s government debt crisis proposed jointly by the European Commission, the International Monetary Fund and the European Central Bank in July as well as the depreciation in Renminbi in August 2015, US and Euro equity markets suffered a strike, Dow Jones Index dropped 9.6% from 18,010 in May to 16,285 at the end of September 2015.

On the other side, the China stock markets sentiment rose so precipitously at the beginning of second quarter but then felt just as fast in mid June 2015. The start of the Shanghai- Hong Kong Stock Connect Programme (“SHKSCP”), the cut of benchmark interest rate in late 2014 and the People’s Bank of China (PBOC) slashed the reserve requirement ratio for all banks in China by 1% to 18.50% in April 2015, these moves sent China stocks into overdrive and instant to bull market in second quarter 2015. The Shanghai Composite Index soared around 38% from 3,747 at end of March to 5,166 in mid June 2015. However, the China regulator was pursuing investors who were short selling Chinese securities and led to large scale margin liquidation in mid June. Also the poor economic data just like the HSBC Flash China Purchasing Manufacturing Managers’ Index (“PMI”) maintained below 50, government target for GDP growth kept below 7% and more importantly the depreciation in Renminbi suddenly in August 2015, all effects led to a negative impact on stock market in China and the Shanghai Composite Index dropping around 41% from 5,166 in mid of June to 3,052 at end of third quarter 2015.

Hong Kong equity market was sensitive to the news on the global economic situation, especially the effect from China in the past few months has more far-reaching Hong Kong investment implications. The depreciation in Renminbi and the collapse in the China stock markets in the third quarter, together with the uncertain timetable of U.S. rate hike led to stock market crash and HSI drop around 26% from 28,249 the highest in late May to 20,846 at the end of September 2015.

Prospects

We expect the global stock market outlook will be relatively insipid in the coming future due to the uncertainty of the downsizing of Chinese economies and the timing for rate hike schedule of the Fed. These bring a ripple effect to the worldwide investors and reduce their investment desire. Due to these reasons, the Group will continue to adopt and maintain a conservative but proactive investment approach so as to bring better returns for our shareholders.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 30 September 2015, the Group had bank balances and cash of HK\$15,742,089 (31 March 2015: HK\$15,308,686). The Board believes that the Group has sufficient financial resources to satisfy its commitments and working capital requirements.

As at 30 September 2015, 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 (2015: nil) as there was no debt as at 30 September 2015 (31 March 2015: 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 2015.

Capital commitment and contingent liabilities

As at 30 September 2015, 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 2015 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 2015, 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 director, Mr. TANG Hon Bui, Ronald was unable to attend the annual general meeting (“AGM”) of the Company held on 14 August 2015 due to his other business engagements. This constitutes a deviation from code provision A.6.7 of the CG Code. Moreover, non attendance of this Independent Non-executive Director may also constitute deviation from code provision E.1.2 of the CG Code. Despite of that independent non-executive director, all the other directors of the Company were present in the AGM.

EMPLOYMENT AND REMUNERATION POLICIES

As at 30 September 2015, the Group employed a total of 3 full-time employees (2014: 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 2015, 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 2015 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
WONG Yun Kuen
Chairman

Hong Kong, 20 November 2015

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

** For identification only*