



UBA INVESTMENTS LIMITED

(incorporated in the Cayman Islands with limited liability)

INTERIM RESULTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2002

The board of directors (the “Directors”) of UBA Investments Limited (the “Company”) is pleased to present the unaudited interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2002 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		For the six months ended 30 September	
		2002	2001
		(unaudited)	(unaudited)
	Notes	HK\$	HK\$
Turnover	(1)	6,113,124	5,890,378
Other revenue	(1)	49,412	481,235
		<u>6,162,536</u>	<u>6,371,613</u>
Purchase costs of listed securities		(1,392,691)	(3,924,691)
Net unrealised holding losses on other investments, listed		(18,542,017)	(3,498,347)
Administrative and other operating expenses		<u>(1,219,863)</u>	<u>(1,147,925)</u>
Losses from operations	(2)	(14,992,035)	(2,199,350)
Finance costs		<u>(61,113)</u>	<u>(703)</u>
Losses before taxation		(15,053,148)	(2,200,053)
Taxation	(3)	<u>200,000</u>	<u>–</u>
Net losses for the periods		<u><u>(14,853,148)</u></u>	<u><u>(2,200,053)</u></u>
Basic losses per share	(4)	<u><u>1.43 cents</u></u>	<u><u>0.22 cents</u></u>

NOTES TO CONDENSED INTERIM ACCOUNTS

1. Revenues and turnover

The Group principally invests in listed and unlisted securities, including equity securities and convertible bonds. Revenues recognised during the period are as follows:

	Six months ended	
	30 September	
	2002	2001
	(unaudited)	(unaudited)
	HK\$	HK\$
Turnover		
Proceeds from sale of listed securities	1,693,124	5,890,378
Dividend income from unlisted securities	4,420,000	–
	<u>6,113,124</u>	<u>5,890,378</u>
Other revenues		
Interest on bank deposits	36,912	481,235
Other income	12,500	–
	<u>49,412</u>	<u>481,235</u>
Total revenues	<u><u>6,162,536</u></u>	<u><u>6,371,613</u></u>

No geographical analysis is provided as all operations are conducted in Hong Kong.

2. Losses from operations

Losses from operations have been arrived at after charging:

	Six months ended	
	30 September	
	2002	2001
	(unaudited)	(unaudited)
	HK\$	HK\$
Investment management fee	752,441	673,810
Mandatory provident fund contributions	7,200	6,900
Staff costs, including directors' remuneration	222,000	216,000
and after crediting:		
Gain on disposal of an investee company	<u><u>12,500</u></u>	<u><u>–</u></u>

3. Taxation

Taxation in the condensed consolidated income statement represents overprovision of profits tax payable in respect of prior years.

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the six months ended 30 September 2002 (2001: Nil).

Deferred tax has not been provided for the Group and the Company as there were no significant timing differences giving rise to deferred tax liabilities at 30 September 2002.

4. Basic losses per share

The calculation of the basic losses per share is based on the net losses for the period of HK\$14,853,148 (2001: HK\$2,200,053) and the weighted average number of ordinary shares of 1,037,879,873 shares (2001: 1,010,714,000 shares) in issue during the period.

No diluted losses per share for 2001 and 2002 are presented as the Company does not have dilutive potential ordinary shares. All outstanding warrants have been expired on 30 June, 2002.

INTERIM DIVIDEND

The Directors has resolved not to declare any interim dividend in respect of the six months ended 30 September 2002 (2001: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

During the six-month period under review, the Company's portfolio suffered realised and unrealised impairment in value resulting in the net asset value per share of the Company being decreased by 14% as compared with a downward correction of the Hang Seng Index by approximately 18%.

Having regard to market expectation of no immediate rise in the US interest rate, the Hang Seng Index had appreciated until May but did not have the momentum to break through the resistance level at 12,000. It dropped thereafter with the downslide of the US market due to softening of leading indicators in the USA.

Accountancy scandals and corporate governance issues in the PRC and the USA have precipitated investors to turn sceptical about equity investments. The tumbling US stock markets sent the local shares prices down and led to investors losing confidence in equity investments. The proposals in late July by the Stock Exchange of Hong Kong Limited for delisting of listed equities which do not fulfill certain criteria, added pressure to the local market which led to the under-performance of the local stock when compared with other major markets.

Prospects

Despite the unsatisfactory performance of the Company in the first half of our financial year, due to the sluggish investment sentiment and economy, we are conservatively optimistic regarding our future performance of the investment in the medium term.

The recent half percentage point cut of the interest rate in the USA led to a near to zero deposit interest rate in Hong Kong. This will push liquid fund into the investment market, looking for high yield equities.

On the positive side, changes in the government's housing policy would improve the property market. This together with a stabilisation of the unemployment rate, may hint that the economy has bottomed out. The economy resumed slight positive growth in the second quarter of 2002, giving the hope that Hong Kong is gradually stepping out from recession and the stock market will be able to surge higher in the coming months.

The growing opportunities following PRC's accession to WTO and possibility of future reduction in interest rates will also provide catalyst to Hong Kong securities market.

However, the recent second round of terrorists attacks on various parts of the world, especially in Bali and the Philippines of the Asia region, has led to investors raising concerns that unpredictable risks do exist in the investment market. The US anti-terrorism measures and its attitude towards Iraq will have a significant effect on the global investment market.

Furthermore, Hong Kong's budget deficit surged to a record high of HK\$56 billion for the first five months of the fiscal year. The continuous declining Composite Consumer Price Index also suggests that our economy may not be able to improve significantly in the short term.

Financial review

Liquidity and financial resources

As at 30 September 2002, the Group had bank balances and cash of HK\$2,102,338 (31 March 2002: HK\$7,479,550) and had no other borrowing. The Directors believe that the Group has sufficient financial resources to satisfy its commitments and working capital requirements.

Capital structure

Prior to the expiration of the warrants on 30 June 2002, 49,064,200 warrants were exercised and 49,064,200 ordinary shares were issued at a cash consideration of HK\$0.12 per ordinary share. Save as disclosed, there has been no change to the capital structure of the Company since 1 April, 2002.

EMPLOYMENT AND REMUNERATION POLICIES

As at 30 September, 2002, the Group employed a total of 5 full-time employees, including the executive directors of the Group. Employees' remuneration are fixed and determined with reference to the market rate.

SHARE OPTIONS

The Group does not have share option scheme.

CODE OF BEST PRACTICE

Save and except that the independent non-executive directors of the Company are not appointed for a specific term but are subject to retirement by rotation and re-election at annual general meetings of the Company, none of the Directors is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the six months ended 30 September 2002 in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

AUDIT COMMITTEE

The audit committee, which consists of three independent non-executive directors of the Company, 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 interim accounts for the six months ended 30 September, 2002.

REPURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 September 2002, there was no repurchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries.

PUBLICATION OF RESULTS ON THE STOCK EXCHANGE'S WEBSITE

All the information required by paragraphs 46(1) to 46(6) inclusive of Appendix 16 of the Listing Rules will be published on the Stock Exchange's website in due course.

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

Hong Kong, 15 November, 2002

Please also refer to the published version of this announcement in The Standard.