



# UBA INVESTMENTS LIMITED

# 開明投資有限公司

*(incorporated in the Cayman Islands with limited liability)*

## FINAL RESULTS

## FOR THE YEAR ENDED MARCH 31, 2003

### RESULTS

The board of directors (the “Board”) of UBA Investments Limited (the “Company”) is pleased to announce that the audited consolidated results of the Company and its subsidiaries (together the “Group”) for the year ended March 31, 2003 with comparative figures for the preceding financial year are as follows:

### CONSOLIDATED INCOME STATEMENT

	Notes	2003 HK\$	2002 HK\$
Turnover	(1)	8,179,890	27,799,964
Purchase costs of listed securities		(2,384,280)	(25,007,596)
Net unrealised holding (loss) gain on other investments, listed		(17,817,923)	12,674,237
Other revenue	(1)	644,574	1,285,784
Loss in value of investments in unlisted equity securities		(2,484,000)	–
Provision for amounts due from investee companies		(2,083,400)	–
Administrative and other operating expenses		(2,211,963)	(2,697,273)
(Loss) profit from operations	(2)	(18,157,102)	14,055,116
Finance costs	(3)	(61,113)	(408)
(Loss) profit before taxation		(18,218,215)	14,054,708
Taxation	(4)	200,000	–
Net (loss) profit for the year attributable to shareholders		<u>(18,018,215)</u>	<u>14,054,708</u>
(Loss) earnings per share	(5)		
– Basic		<u>(1.7 cents)</u>	<u>1.4 cents</u>
– Diluted		<u>N/A</u>	<u>1.4 cents</u>

Notes:

## 1. Turnover and segment information

The Group principally invests in listed and unlisted securities, including equity securities and convertible bonds.

	<b>2003</b>	2002
	<i>HK\$</i>	<i>HK\$</i>
<b>Turnover</b>		
Proceeds from sale of listed securities	<b>2,697,639</b>	27,510,942
Dividend income from:		
Listed equity securities	<b>1,062,251</b>	289,022
Unlisted equity securities	<b>4,420,000</b>	–
	<b><u>8,179,890</u></b>	<b><u>27,799,964</u></b>
<b>Other revenue</b>		
Interest income	<b>632,074</b>	1,285,784
Other income	<b>12,500</b>	–
	<b><u>644,574</u></b>	<b><u>1,285,784</u></b>

No analysis of the Group's turnover and contribution to operating loss for the year 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 markets in Hong Kong.

## 2. (Loss) profit from operations

(Loss) profit from operations has been arrived at after charging:

	<b>2003</b>	2002
	<i>HK\$</i>	<i>HK\$</i>
Auditors' remuneration	<b>80,000</b>	106,000
Provision for bad debts	<b>50,000</b>	–
Investment management fee	<b>958,242</b>	1,343,368
Staff costs		
including contributions of HK\$14,384 (2002: HK\$13,900) to defined contribution retirement plans	<b>458,384</b>	447,900
and after crediting		
Gain on disposal of other investments, unlisted	<b><u>12,500</u></b>	<b><u>–</u></b>

### 3. Finance costs

	2003 HK\$	2002 HK\$
Interest on:		
Bank overdrafts	1	20
Other borrowings	61,112	388
	<u>61,113</u>	<u>408</u>

### 4. Taxation

	2003 HK\$	2002 HK\$
Hong Kong profit tax		
Overprovision in respect of prior year	<u>200,000</u>	<u>–</u>

Provision for Hong Kong profits tax has not been made as there are no assessable profit for the year.

The Group and the Company did not have any significant unprovided deferred taxation for the year or at the balance sheet date.

### 5. (Loss) earnings per share

The calculation of the basic (loss) earnings per share is based on the Group's net loss attributable to shareholders of HK\$18,018,215 (2002: profits of HK\$14,054,708) and the weighted average number of 1,048,671,500 (2002: 1,010,714,000) ordinary shares in issue during the year.

There was no dilution effect on the basic loss per share for the year ended March 31, 2003 as all subscription rights attaching to the 2002 warrants lapsed on June 30, 2002. The diluted earnings per share for the year ended March 31, 2002 was based on 1,033,105,658 ordinary shares which was the weighted average of 1,010,714,000 ordinary shares in issue during the year plus the weighted average of 22,391,658 ordinary shares deemed to be issued at no consideration if all outstanding warrants had been exercised during that year.

### **DIVIDEND**

The Board consider it is more appropriate for the Company to retain our financial resources for investing as and when attractive investment opportunities arise, the Board have resolved not to recommend a payment of final dividend.

### **BUSINESS REVIEW**

For the year under review, the general investment environment continued to be difficult.

The decline of the securities market was mainly due to poor market sentiment and disappointing corporate results caused by the local sluggish economy. Accounting scandals and corporate governance issues in the USA and the PRC had also eroded investors' confidence.

The war in Iraq together with tension and terrorist attacks in various parts of the world, especially in Bali and the Philippines of the Asia region, added political uncertainties.

Such economic and political cloud sent the Hang Seng Index down to 8,634 as at our year end, a decrease of approximately 21.7% when compared with the beginning of our financial year.

Due to the general sluggish operating environment encountered by the information technology industry, some IT related projects and their investee companies have difficulties in achieving their business plans. To be prudent, our Board considers that it is appropriate to make a provision of HK\$ 4 million against impairment in the value of investment in such companies.

Under such a difficult environment, the consolidated net asset value of the Group decreased by 12%. Though disappointing, it shrank far less than the benchmark Hang Seng Index.

## **PROSPECTS**

The outbreak of the severe acute respiratory syndrome (“SARS”) is a big blow to Hong Kong’s tourism, entertainment, catering and retail trade industries. It is too early to predict the effect of the HK\$11.8 billion relief package announced by the Hong Kong Government and whether it can really help those hard hit industries.

This unprecedented SARS crisis is not only a threat to the tourism related industries, it hits our economy over the board. It is difficult to measure the impact at this stage, but the Hang Seng Index already saw a 5 year low in April.

It remains unknown how badly SARS is going to hurt Hong Kong’s economy and prolong the effect and extent of our recession. Anyway, the forecast made by the Financial Secretary during the budget speech 2003 is unlikely to be achieved.

The uncertain economic environment caused by the outbreak of SARS, the possibilities of any further war incident or terrorist attacks will surely affect the profitability of the Group.

We remain overweight in selected companies with major markets are outside Asia. One of the example is EganaGoldpfeil (Holdings) Limited (“EganaGoldpfeil”) which has about 90% of its revenue derived from Europe and the USA. Its business will not be affected by the outbreak of SARS here. While other competitors from Asia were being kept away from the Basel World Watch & Jewellery Show held in April, Eganagoldpfeil had a very successful exhibition within the Swiss Pavilion—the prestigious hall for the world’s renowned and influential brand collectors.

Looking ahead, the local securities and investments markets may have to wait for good news until SARS is being under control and removing of the travel alert by the World Health Organization.

## **FINANCIAL REVIEW**

### **Liquidity and financial resources**

As at March 31, 2003, the Group had bank balances and cash of HK\$1,586,533 (2002: HK\$7,479,550) and had no other borrowing. The Board 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 June 30, 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 April 1, 2002.

## **CAPITAL COMMITMENT AND CONTINGENT LIABILITIES**

During the year, there are no charges on the Group's assets. As at March 31, 2003 the Group had no material capital commitment and contingent liabilities.

## **FOREIGN CURRENCY FLUCTUATION**

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

## **EMPLOYMENT**

As at March 31, 2003, the Group employed a total of 5 employees, including the executive directors of the Company.

## **SHARE OPTIONS**

The Company does not have share option scheme.

## **CODE OF BEST PRACTICE**

The Company has complied throughout the year ended March 31, 2003 with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (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.

## **AUDIT COMMITTEE**

The Company has established an audit committee according to "A Guide for the Formation of an Audit Committee" published by the Hong Kong Society of Accountants. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group.

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

During the year ended March 31, 2003, 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 45(1) to 45(3) 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, May 20, 2003

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of UBA Investments Limited (the “Company”) will be held at 2nd Floor, Wah Kit Commercial Centre, 302 Des Voeux Road Central, Hong Kong on July 8, 2003 at 9:30 a.m. for the following purposes:

1. To receive and consider the Financial Statements and the Reports of the Directors and Auditors for the year ended March 31, 2003.
2. To re-elect Directors and to authorise the Board to fix their remuneration.
3. To re-appoint Auditors for the ensuing year and to authorise the Board to fix their remuneration.
4. To consider as special business and, if thought fit, pass with or without amendments, the following resolutions as Ordinary Resolutions:

(A) **“THAT:**

- (a) subject to paragraph (c) of this Resolution and without prejudice to Resolution 4(C) set out in the Notice of this Meeting, the exercise by the Board during the Relevant Period (as defined in paragraph (d) of this Resolution) of all powers of the Company to issue, allot and deal in shares of HK\$0.01 each in the capital of the Company (the “Shares”) and to issue, allot or grant securities convertible into Shares or options, warrants or similar rights to subscribe for any shares in the Company or such convertible securities and to make or grant offers, agreements and options which would or might require the exercise of such powers, subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this Resolution shall authorise the Board during the Relevant Period to make or grant offers, agreements and options which would or might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Board pursuant to the approval in paragraph (a) of this Resolution, otherwise than pursuant to:
  - (i) a Rights Issue (as defined in paragraph (d) of this Resolution); or
  - (ii) any scrip dividend scheme or similar arrangements implemented in accordance with the Articles of Association of the Company; or
  - (iii) an issue of Shares under the share option scheme of the Company or any similar arrangements for the time being adopted by the Company for the grant or issue to employees or directors of the Company and/or any of its subsidiaries of Shares or right to acquire Shares; or
  - (iv) the exercise of the rights of subscription or conversion under the terms of any securities or notes for the time being in force which are convertible into any shares in the Company;

shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this Resolution and the said approval shall be limited accordingly;

(d) for the purposes of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or any applicable law of the Cayman Islands to be held; and
- (iii) the revocation or variation of this Resolution by an ordinary resolution of the shareholders of the Company in general meeting; and

“Rights Issue” means an offer of shares open for a period fixed by the Board to holders of Shares on the register on a fixed record date in proportion to their then holdings of such Shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of, or the requirements of any recognized regulatory body or any stock exchange in any territory).”

(B) **“THAT:**

- (a) subject to paragraph (b) of this Resolution, the exercise by the Board during the Relevant Period (as defined in Resolution 4(A)(d) set out in the Notice of this Meeting) of all the powers of the Company to repurchase the Shares on The Stock Exchange of Hong Kong Limited or on any other exchange on which the Shares may be listed and which is recognized by the Securities and Futures Commission and The Stock Exchange of Hong Kong Limited (the “Recognised Stock Exchange”) subject to and in accordance with all applicable laws, and in accordance with the provisions of, and in the manner specified in, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited or the rules of any other Recognised Stock Exchange, be and is hereby generally and unconditionally approved; and
- (b) the aggregate nominal amount of the Shares to be repurchased or agreed conditionally or unconditionally to be repurchased by the Company pursuant to the approval in paragraph (a) of this Resolution during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this Resolution and the said approval shall be limited accordingly.”

(C) **“THAT** subject to the passing of Resolutions 4(A) and 4(B) set out in the Notice of this Meeting, the aggregate nominal amount of share capital that may be allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to and in accordance with the approval given in Resolution 4(A) set out in the Notice of this Meeting be and is hereby increased and extended by the addition of the aggregate nominal amount of the Shares

which may be repurchased by the Company pursuant to and in accordance with the approval given in Resolution 4(B) set out in the Notice of this Meeting provided that such amount shall not exceed the aggregate nominal amount of the Shares repurchased pursuant to the said Resolution 4(B) and the said approval shall be limited accordingly.”

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

Hong Kong, May 20, 2003

*Notes:*

1. The register of members of the Company will be closed from July 2, 2003 to July 8, 2003, both days inclusive, for the purpose of establishing the entitlement of members to vote at the meeting convened by the above notice. During this period, no transfer of shares of the Company will be registered. In order to qualify for voting, all transfers of shares of the Company accompanied by the relevant share certificates must be lodged for registration with the Company's Share Registrar, Standard Registrars Limited at G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, not later than 4:00 p.m. on June 30, 2003.
2. A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and vote on his behalf. A proxy need not be a member of the Company.
3. To be valid, a form of proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such authority, must be deposited at the principal place of business of the Company at 2nd Floor, Wah Kit Commercial Centre, 302 Des Voeux Road Central, Hong Kong, not less than 48 hours before the time appointed for holding of the meeting or adjourned meeting thereof.
4. At the annual general meeting of the Company held on August 6, 2002, Ordinary Resolutions were passed giving general mandates to Board of the Company to repurchase shares of the Company on the Stock Exchange and to allot, issue and otherwise deal with additional shares in the capital of the Company respectively. Under the terms of the Companies Ordinance and the Listing Rules these general mandates lapse at the conclusion of the Annual General Meeting for 2003, unless renewed at that meeting. The Ordinary Resolutions sought in items 4(A) and 4(B) of the above notice renew these mandates.
5. With reference to the Ordinary Resolutions sought in items 4(A) and 4(B) of the above notice, the Board of the Company wish to state that they have no immediate plans to repurchase any existing shares or to issue any new shares of the Company. Approval is being sought from members of the Company as a general mandate pursuant to the Companies Ordinance and the Listing Rules.
6. A circular containing further details regarding Resolution 4 above will be sent to shareholders as soon as practicable.

Please also refer to the published version of this announcement in China Daily.