



UBA INVESTMENTS LIMITED

開明投資有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 768)

FINAL RESULTS

FOR THE YEAR ENDED MARCH 31, 2005

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, 2005 with comparative figures for the preceding financial year are as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended March 31, 2005

| | | 2005 (Audited) HK\$ | 2004 (Audited) HK\$ |
|--|-----|---------------------------|---------------------------|
| Turnover | (2) | 22,113,524 | 56,603,865 |
| Costs of listed securities disposed | | (22,825,896) | (50,139,324) |
| Net unrealised holding (loss) gain on other investments, listed | | (2,993,722) | 14,419,930 |
| Other revenue | | 676,178 | 770,308 |
| Loss in value of investments in unlisted equity securities | | (4,068,000) | (200,000) |
| Provision for amounts due from investee companies | | (2,155,794) | (7,171,281) |
| Provision for amounts due from an investee company written back | | 5,000,000 | – |
| Administrative and other operating expenses | | (2,410,083) | (2,663,286) |
| (Loss) Profit from operations | (3) | (6,663,793) | 11,620,212 |
| Finance costs | (4) | (22,627) | (29,974) |
| (Loss) Profit before taxation | | (6,686,420) | 11,590,238 |
| Taxation | (5) | – | – |
| Net (loss) profit for the year attributable to shareholders | | <u>(6,686,420)</u> | <u>11,590,238</u> |
| (Loss) Earnings per share | | | |
| – Basic | (6) | <u>(0.6) cents</u> | <u>1.1 cents</u> |
| – Diluted | (6) | <u>N/A</u> | <u>N/A</u> |

CONSOLIDATED BALANCE SHEET

As at March 31, 2005

| | 2005 (Audited) HK\$ | 2004 (Audited) HK\$ |
|-------------------------------------|---------------------------|---------------------------|
| Assets and liabilities | | |
| Non-current assets | | |
| Fixed assets | 26,866 | – |
| Investments in securities | 59,543,885 | 67,518,700 |
| | <u>59,570,751</u> | <u>67,518,700</u> |
| Current assets | | |
| Investments in securities | 7,500,080 | 12,477,600 |
| Amounts due from investee companies | 20,945,000 | 20,174,000 |
| Loans and other receivables | 5,060,058 | 843,903 |
| Bank balances and cash | 3,813,037 | 1,276,005 |
| | <u>37,318,175</u> | <u>34,771,508</u> |
| Current liabilities | | |
| Accruals | 143,473 | 133,000 |
| Interest-bearing borrowings | 2,546,653 | 1,798,782 |
| Amount due to a related party | 526,794 | – |
| | <u>3,216,920</u> | <u>1,931,782</u> |
| Net current assets | <u>34,101,255</u> | <u>32,839,726</u> |
| Net assets | <u>93,672,006</u> | <u>100,358,426</u> |
| Equity | | |
| Capital and reserves | | |
| Share capital | 10,597,782 | 10,597,782 |
| Reserves | 83,074,224 | 89,760,644 |
| | <u>93,672,006</u> | <u>100,358,426</u> |
| Net asset value per share | <u>0.09</u> | <u>0.09</u> |

Notes:

1. Recently issued new and revised accounting standards

The Hong Kong Institute of Certified Public Accountants (“HKICPA”) has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards (“new HKFRSs”) which are effective for accounting periods beginning on or after January 1, 2005.

The Group has not early adopted these new HKFRSs in the financial statements for the year ended March 31, 2005. An assessment of the impact of these new HKFRSs has already been commenced but the Group is not yet in a position to state whether these new HKFRSs would have a significant impact on its results of operations and financial position.

2. Turnover

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

The analysis of turnover for the year is as follows:

| | 2005 HK\$ | 2004 HK\$ |
|--|-------------------|-------------------|
| Proceeds from sale of listed equity securities | 20,744,945 | 54,086,786 |
| Dividend income from: | | |
| – Listed equity securities | 1,368,579 | 2,502,268 |
| – Unlisted equity securities | – | 14,811 |
| | <u>22,113,524</u> | <u>56,603,865</u> |

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

3. (Loss) Profit from operations

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

| | 2005 HK\$ | 2004 HK\$ |
|--|---------------|--------------|
| Auditors' remuneration | 92,000 | 80,000 |
| Depreciation | 1,496 | – |
| Investment management fee | 1,387,324 | 1,471,517 |
| Staff costs including defined contributions of HK\$9,048 (2004: HK\$14,400) to MPF Scheme | 211,549 | 458,400 |
| Minimum lease payments on properties under operating lease | <u>60,000</u> | <u>–</u> |

4. Finance costs

| | 2005 HK\$ | 2004 HK\$ |
|--|---------------|---------------|
| Interest on: | | |
| Bank overdrafts | 3,433 | 203 |
| Other borrowings wholly repayable within five years | 19,194 | 29,771 |
| | <u>22,627</u> | <u>29,974</u> |

5. Taxation

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

Reconciliation between the actual tax expenses and accounting (loss) profit at applicable tax rate:

| | 2005 HK\$ | 2004 HK\$ |
|--|--------------------|-------------------|
| (Loss) Profit before taxation | <u>(6,686,420)</u> | <u>11,590,238</u> |
| Notional tax (credit) charge on (loss) profit before taxation, calculated at the applicable tax rate of 17.5% (2004: 17.5%) | (1,170,123) | 2,028,291 |
| Tax effect of income not subject to taxation | (1,212,949) | (3,794,092) |
| Tax effect of non-deductible expenses | 2,059,495 | 1,360,062 |
| Tax effect of unused tax losses not recognised | 323,577 | 405,739 |
| Actual tax expenses | <u>–</u> | <u>–</u> |

The Group did not have material deferred tax liabilities and assets recognised in the balance sheet date.

6. (Loss) Earnings per share

The basic (loss) earnings per share is based on the Group's loss attributable to shareholders of HK\$6,686,420 (2004: profit of HK\$11,590,238) and the weighted average number of 1,059,778,200 (2004: 1,059,778,200) ordinary shares in issue during the year.

There is no diluted earnings per share for the years ended March 31, 2005 and 2004 presented since the Company has no dilutive potential ordinary shares.

DIVIDEND

The Board have resolved not to recommend a payment of final dividend.

CLOSURE OF REGISTERS OF MEMBERS

The register of members will be closed from August 15, 2005 to August 19, 2005, both days inclusive. In order to qualify for the attendance of the annual general meeting of the Company to be held on August 30, 2005, all completed transfer forms accompanied by the relevant share certificates must be lodged with the share registrars of the Company, Standard Registrars Limited, at Ground Floor, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong for registration no later than 4:00 p.m. on August 12, 2005.

MANAGEMENT'S STATEMENT

On behalf of the Board of Directors, I am pleased to present to you the Group's annual report and audited financial statements, for the year ended March 31, 2005.

Financial Results

The Group recorded a net loss attributable to shareholders of approximately HK\$6.7 million for the full year. The second half year recorded a net profit of HK\$4,205,298 that showed a turn-around from the net loss of HK\$10,891,718 recorded in the first half financial year. This was due to the generally improved economic environment and investment climate in Hong Kong during the last quarter of 2004 and early 2005 which enable the Group's investments to improve performance during the period. Furthermore, as a result of some special management attention and efforts given to certain investee companies, only a net amount of HK\$1,223,794 provision was required during the year and this is a significant improvement over the total amount of HK\$7,371,281 provision made in the previous year.

Cash balances as of March 31, 2005 stood at a healthy level of HK\$3,813,037 and the Directors believe that the Group has sufficient financial resources to meet with its working capital requirements and to capitalize on any new opportunities.

Net Assets value per share was maintained at HK\$0.09 as at March 31, 2005, the same as at the same date in the previous year.

Business review

During the later part of 2004, the investment market in Hong Kong has experienced a period of consolidation after the rapid rebound in the economy after the SARS and the turbulence in middle east.

Hang Seng Index climbed from 12,682 to 13,517 as at our financial year end, an increase of approximately 7% when compared with the beginning of our financial year. This increase was much smaller than the approximately 47% jump in the previous 12 months period ended on March 31, 2004. Within our financial year, we experienced a mixture of positive and negative factors that bear significant impact on our investment consideration.

The low interest rate era was more or less over at the end of 2004. The Federal Reserve at the US have increased interest rates over 11 times as the US economy was seen climbing out of the trough slowly. In an increasing interest rate environment, there could be some adverse impact on the property and investment market in the US as well as the world. Due to the exchange rate peg system, Hong Kong's interest rate movements have to follow those in the US.

The rapid increase in energy prices and commodities prices worldwide have already caused major concern over the corporate earnings levels and the general economy. Sooner or later this will have a spill-over effect on inflation. The average price for oil was estimated to be US\$45 a barrel which was almost 50% increase over that in the previous year. The price has jumped recently to the US\$55 – US\$62 levels. The airlines and many energy-consuming industries have suffered tremendously during the period.

The fiscal measures taken by the Chinese Government since April 2004 to tighten up bank lending and to dampen the over-heated economy have produced some cooling effect on the economy and many commodities prices actually declined since then. Property markets in many provinces have

consolidated, in particularly Shanghai where excessive speculation was experienced. The property market in Hong Kong rebound very well in 2004 but started to feel the pinch of the higher interest rates and higher prices, although the outlook is still bullish.

The depreciation of the US\$ during 2004 had brought some benefits to the Hong Kong export sector as the HK\$ is pegged with it. This has also created some stimulating effect on investments from overseas as assets look cheaper to non-US\$ based investors.

The Closer Economic Partnership Arrangements (CEPA) with China have produced very positive impact on Hong Kong's economy since its implementation in 2004. In particularly the tourists, retailing, entertainment and property investment sectors have benefited most. The importance of the boost to Hong Kong's consumers' willingness to spend and confidence to invest in longer term time frame cannot be overly emphasized. Although the Group does not have any investee companies directly falling into the related sectors, the favorable indirect effect could be felt during the year.

With the adoption of a more conservative reporting and valuation policy, the Group recorded a net loss of approximately HK\$6.7 million for the full year. This loss was partly contributed by the depreciation in value of some listed investment, and partly by the provision for some equity investments. However, the second half year results were actually showing a net profit figure of HK\$4,205,298, a much better position over the loss of HK\$10,891,718 recorded in the first half year, reflecting some reduction of certain provisions required on equity investments.

The Group's investment portfolio comprised of approximately net market value of HK\$65 million listed equity investments and approximately HK\$1.9 million net value of unlisted investments. To enhance the shareholders' value, the Management will closely monitor the trend of the investment and securities markets and to manage the portfolio prudently and proactively in line with those changes in the market and economic conditions.

Prospects

The outlook is cautiously positive for Hong Kong in 2005. The appointment of the new Chief Executive for Hong Kong SAR with high popularity and strong support from the Chinese Government has brought a more stable political scene to Hong Kong. We have seen the general improvement over the consumer spending and investor confidence. Property prices showed constant increases and the stock market appears to breakout on the upside from the trading range recently. Corporate earnings are expected to improve in the latter half of 2005.

The official appreciation of the Chinese currency by 2% would have some encouraging impact on Hong Kong's economy, particularly for those that have substantial earnings in China, in retail, tourism, property and those that have sales proceeds in China but with substantial US\$ borrowings. The smaller than expected adjustment might continue to attract money flow into Hong Kong on speculation of further revaluation, thus improving the banking liquidity and the economy at a whole.

The Management would regularly review its investment portfolio and to increase in sectors where higher growth is envisaged and to reduce in sectors where conditions are less favorable. Careful selection of investments is important to improve the financial returns to the Group.

In the coming year, the performance of the investee companies would be closely monitored and for those where future financial returns are not expected to be satisfactory would possibly be divested in order to re-allocate the resources to other more profitable ventures.

Benefiting from the planned construction of the Hong Kong-Zuhai-Macau Mega Bridge and the Central Government's latest 9 plus 2 policy, the Management of the Group believes that Macau's economic and property market would rebound. In order to grip the upward trend of the Macau property market, the Group has invested in a company with Macau properties projects which is expected to produce stable rental income and opportunities for capital appreciation.

The Group will not only focus on those listed securities, but also equity investments that possess sound fundamental growth potential and strong management and are able to give rise to recurring dividend income and capital appreciation for medium to long term strategic investment purposes.

Looking ahead, the investment market condition remains challenging but somewhat more favorable. The Management of the Group will continue to do their utmost to properly manage the investment portfolio and to capture any profitable opportunities at all times with the main objective to maximize shareholders' benefit in the coming year.

FINANCIAL REVIEW

Liquidity and financial resources

As at March 31, 2005, the Group had bank balances and cash of HK\$3,813,037 (2004: HK\$1,276,005). The Board believes that the Group has sufficient financial resources to satisfy its commitments and working capital requirements.

As at March 31, 2005, part of 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 has been no change to the capital structure of the Company since April 1, 2004.

Capital commitment and contingent liabilities

As at March 31, 2005, 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.

Employment

As at March 31, 2005, the Group employed a total of 4 employees, including the executive directors of the Company.

Share options

The Company does not have share option scheme.

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 Institute of Certified Public Accountants. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group. The Audit Committee had also reviewed the annual results of the Group for the year ended March 31, 2005 in conjunction with the Company's external auditors.

The audit committee of the Group consists of 3 independent non-executive directors, namely Mr. Wong Wai Kwong, David, Dr. Lewis Hung Fung and Mr. Ip Man Tin, David.

CORPORATE GOVERNANCE

The Company has complied throughout the year ended March 31, 2005 with the Code of Best Practice 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.

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 AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries repurchased, sold or redeemed any of the Company's listed securities during the year.

PUBLICATION OF DETAILED ANNUAL RESULTS ON THE STOCK EXCHANGE OF HONG KONG LIMITED'S WEBSITE

All the information of the annual results of the Group for the year ended March 31, 2005 required by paragraphs 45(1) to 45(3) of Appendix 16 to the Listing Rules in force prior to March 31, 2004, which remain applicable to results announcement in respect of accounting periods commencing before July 1, 2004 under the transitional arrangement, will be published on the website of The Stock Exchange of Hong Kong Limited in due course.

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

Hong Kong, July 22, 2005

* *For identification only*

As at the date of this announcement, the executive directors of the Company comprise 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. Wong Wai Kwong, David, Mr. Ip Man Tin, David and Dr. Lewis Hung Fung.

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 August 30, 2005 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, 2005;
- (2) To re-elect directors and to authorise the directors to fix their remuneration;
- (3) To re-appoint auditors for the ensuing year and to authorise the directors 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(B) 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 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);
 - (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 Board may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of, or the requirements of any recognised 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 or on any other exchange on which the Shares may be listed and which is recognised by the Securities and Futures Commission and the Stock Exchange (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 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 of this Resolution (a) 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 conditional upon the passing of resolutions 4(A) and 4(B) set out in the notice of this meeting, the aggregate nominal amount of Shares which shall have been repurchased by the Company pursuant to and in accordance with resolution 4(B) set out in the notice of this meeting shall be added to the aggregate nominal amount of Shares which may be allotted or agreed conditionally or unconditionally to be allotted by the Board pursuant to and in accordance with resolution 4(A) set out in the notice of this meeting, provided that such additional amount shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of the passing of this resolution.”

- (5) To consider as special business and, if thought fit, pass with or without amendments, the following resolutions as special resolution:

“THAT:

the existing Articles of Association of the Company be and hereby amended in the following manner:

- (A) by deleting Article 157 in its entirety and substituting therefore the following new paragraph:

157. Subject to the manner of retirement by rotation of Directors as from time to time prescribed under the rules of the Designated Stock Exchange, and notwithstanding any contractual or other terms on which any Director may be appointed or engaged, at each annual general meeting one third of the Directors for the time being (or, if

their number is not three or a multiple of three (3), then the number nearest to, but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at least once every three years. A retiring Director shall retain office until the close of the meeting at which he retires, and shall be eligible for re-election thereat.”

(B) by deleting Article 160 in its entirety and substituting therefore the following new paragraph:

160. The Company may from time to time in general meeting by ordinary resolution increase or reduce the number of Directors but so that the number of Directors shall not be less than two (2). Subject to the provisions of these Articles and the Law, the Company may by ordinary resolution elect any person to be a Director either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the first general meeting after their appointment of the Company and shall then be eligible for re-election, but shall not be taken into account in determining the Directors who are to retire by rotation at such meeting.

By Order of the Board
Li Kwok Cheung, George
Executive Director and Company Secretary

Hong Kong, July 22, 2005

Notes:

1. Any member entitled to attend and vote may appoint one or more proxies to attend the meeting instead of him and to vote on a poll. A proxy need not be a member of the Company.
2. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of authority shall 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 for holding the meeting (or adjourned meeting, as the case may be).
3. The register of members of the Company will be closed from August 15, 2005 to August 19, 2005, both days inclusive, for the purpose of establishing entitlements of the shareholders of the Company to attend the Company's annual general meeting. During such period, no transfer of Shares will be registered. In order to qualify for the proposed final dividend and voting, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Standard Registrars Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong for registration no later than 4:00 p.m. on August 12, 2005, Friday.

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