



# 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 2006

The board of directors (the “Directors”) 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 2006 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	
		2006 (unaudited)	2005 (unaudited) (As restated)
	<i>Notes</i>	<i>HK\$</i>	<i>HK\$</i>
<b>Turnover</b>	4	<b>63,500,800</b>	33,251,086
Cost of listed securities disposed		<b>(52,703,525)</b>	(30,484,507)
Other revenue	4	<b>202,628</b>	105,368
Other net gains	4	<b>657,378</b>	286,470
Administrative and other operating expenses		<b>(1,420,526)</b>	(1,211,547)
Finance costs	6	<b>(309,442)</b>	(175,076)
		<hr/>	<hr/>
Profit before taxation		<b>9,927,313</b>	1,771,794
Income tax expense	7	–	–
		<hr/>	<hr/>
Profit for the period		<b>9,927,313</b>	1,771,794
		<hr/> <hr/>	<hr/> <hr/>
Attributable to:			
Equity holders of the company		<b>9,927,313</b>	1,771,794
Earnings per share			
Basic		<b>0.94 cents</b>	0.17 cents
		<hr/> <hr/>	<hr/> <hr/>
Diluted		N/A	N/A
		<hr/> <hr/>	<hr/> <hr/>

## CONDENSED CONSOLIDATED BALANCE SHEET

	30 September 2006 (unaudited) HK\$	31 March 2006 (audited) HK\$
<b>Assets And Liabilities</b>		
Non-current assets		
Property, plant and equipment	21,289	24,544
Available-for-sale financial assets	68,774,320	67,644,098
	<u>68,795,609</u>	<u>67,668,642</u>
Current assets		
Amount due from investee companies	23,406,168	24,576,718
Loans and other receivables	10,127,944	2,597,925
Financial assets at fair value through profit or loss	15,061,040	8,004,905
Cash and bank balances	11,334,424	9,239,764
	<u>59,929,576</u>	<u>44,419,312</u>
Current liabilities		
Accruals	190,797	169,052
Interest bearing borrowings	5,902,593	5,242,667
	<u>6,093,390</u>	<u>5,411,719</u>
Net current assets	<u>53,836,186</u>	<u>39,007,593</u>
Net assets	<u>122,631,795</u>	<u>106,676,235</u>
Capital and reserves		
Share capital	10,597,782	10,597,782
Reserves	112,034,013	96,078,453
Total equity	<u>122,631,795</u>	<u>106,676,235</u>
Net asset value per share	<u>0.116</u>	<u>0.10</u>

### NOTES TO CONDENSED FINANCIAL STATEMENTS

#### 1. Basis of preparation and accounting policies

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 Uglan House, South Church Street, P.O. Box 309, George Town, Grand Cayman, Cayman Islands, British West Indies. The principal place of business is 2nd Floor, Wah Kit Commercial Centre, 302 Des Voeux Road Central, Hong Kong.

The Company and its subsidiaries are engaged in investment holding and trading of securities.

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

#### 2. Accounting policies

The unaudited condensed consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

The accounting policies adopted in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2006 except as described below.

In the current interim period, the Group has adopted, for the first time, a number of new standards, amendments and interpretations (hereafter collectively referred to as the “new HKFRSs”) issued by the HKICPA, which are effective for accounting periods beginning on or after 1 December 2005 or 1 January 2006.

The adoption of these new HKFRSs has had no material effect on how the results of operations and financial position of the Group are prepared and presented.

The Group has not early adopted the following new HKFRSs that have been issued but are not yet effective. The Group is in the process of assessing the potential impact of these new HKFRSs but not yet in a position to determine whether these new HKFRSs will have a significant impact on how its results of operations and financial position are prepared and presented. These new HKFRSs may result in changes in the future as to how the results and financial position are prepared and presented.

HKAS 1 (Amendment)	Presentation of financial statements: Capital disclosures <sup>1</sup>
HKFRS 7	Financial instruments: Disclosures <sup>1</sup>
HK(IFRIC)-INT 7	Applying the restatement approach under HKAS 29 Financial Reporting in Hyperinflationary Economies <sup>2</sup>
HK(IFRIC)-INT 8	Scope of HKFRS 2 <sup>3</sup>
HK(IFRIC)-INT 9	Reassessment of embedded derivatives <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2007.

<sup>2</sup> Effective for annual periods beginning on or after 1 March 2006.

<sup>3</sup> Effective for annual periods beginning on or after 1 May 2006.

<sup>4</sup> Effective for annual periods beginning on or after 1 June 2006.

Comparative figures have been reclassified to conform with the current period’s presentation.

### 3. Financial risk management

#### 3.1 Financial risk factors

The Group’s activities expose it to a variety of financial risks: market price risk, credit risk, liquidity risk, interest rate risk and currency risk. The Group’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group’s financial performance.

(a) *Market price risk*

The Group is exposed to equity securities and debt securities which are classified on the consolidated balance sheet either as available-for-sale financial assets or financial assets at fair value through profit or loss. These are susceptible to market price risk arising from uncertainties about the future prices of the instruments. The Group’s market price risk is managed through diversification of the investment portfolio ratios by exposures.

(b) *Credit risk*

The Group takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Impairment provisions are provided for losses that have been incurred by the balance sheet date, if any. The Group is responsible for monitoring the amount of credit exposure to any financial institution.

(c) *Liquidity risk*

The Group invests in both listed and unlisted securities. Those listed securities are considered readily realisable as they are listed in regulated stock exchanges. Those unlisted securities may not be traded in an organized public market and may be illiquid. As a result, the Group may not be able to liquidate quickly its investments in these instruments at an amount close to their fair value in order to meet its liquidity requirements or to respond to specific events such as deterioration in the creditworthiness of any particular issuer. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of credit facilities and the ability to close out market positions.

(d) *Interest rate risk*

The Group is exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows since the Group has significant interest-bearing assets and long-term borrowings issued at variable rate.

(e) *Currency risk*

The Group holds assets denominated in currencies other than the HK dollars, the functional currency. The Group is therefore exposed to currency risk, as the value of the securities and foreign currency borrowings denominated in other currencies will fluctuate due to the changes in exchange rates.

### 3.2 Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices, dealer quotes for similar instruments and other techniques, such as estimated discounted cash flows, are used to determine the fair value.

All financial instruments fair values at 30 September 2006 are not materially different from their carrying values.

### 4. Turnover and other revenue

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

	For the six months ended 30 September	
	2006 (unaudited) HK\$	2005 (unaudited) HK\$
Turnover		
Proceeds from sale of available-for-sale financial assets – listed	51,569,422	12,109,597
Proceeds from sale of financial assets at fair value through profit or loss	10,649,059	18,936,915
Dividend income from listed equity securities	1,282,319	2,204,574
	<u>63,500,800</u>	<u>33,251,086</u>
Other revenue		
Interest on bank deposits	193,998	39,184
Other revenue	8,630	66,184
	<u>202,628</u>	<u>105,368</u>
Total revenues	<u>63,703,428</u>	<u>33,356,454</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 markets in Hong Kong.

	For the six months ended 30 September	
	2006 (unaudited) HK\$	2005 (unaudited) HK\$
Other net gains		
Net unrealised gain on financial assets at fair value through profit or loss	657,378	286,470

### 5. Profit from operations

Profit from operations has been arrived at after charging the following:

	For the six months ended 30 September	
	2006 (unaudited) HK\$	2005 (unaudited) HK\$
Depreciation	3,255	2,836
Investment management fee paid to a related company	856,495	730,434
Staff costs, including defined contribution of HK\$7,233 (2005: HK\$6,400 to MPF Scheme)	132,650	152,400
Minimum lease payments on properties under operating leases	120,000	120,000

## 6. Finance costs

	For the six months ended 30 September	
	2006 (unaudited) HK\$	2005 (unaudited) HK\$
Interest on:		
Other borrowings wholly repayable within five years	<u>309,442</u>	<u>175,076</u>

## 7. Taxation

Hong Kong profit tax has not been provided as the Group has no assessable profit during the period.

Reconciliation between the tax expenses and accounting profit at applicable tax rate.

	For the six months ended 30 September 2006 (unaudited) HK\$
Profit before taxation	<u>9,927,313</u>
Notional tax charge on profit before taxation, calculated at the applicable tax rate of 17.5% (2005: 17.5%)	1,737,280
Tax effect of profit not subject to taxation	(1,921,668)
Tax effect of non deductible expenses	33,682
Tax effect on unrecognised temporary difference	341
Tax effect of unused tax losses not recognised	<u>150,365</u>
Actual tax expenses	<u>-</u>

## 8. Basic earning per share

The basic earning per share is based on the Group's profit attributable to shareholders for the period of HK\$9,927,313 (2005: gain of HK\$1,771,794) and the weighted average number of ordinary shares of 1,059,778,200 shares (2005: 1,059,778,200) in issue during the period.

No diluted earning per share for the six months ended 30 September 2006 and 2005 are presented respectively as the Company does not have dilutive potential ordinary shares.

## INTERIM DIVIDEND

The Directors have resolved not to declare any interim dividend in respect of the six months ended 30 September 2006 (2005: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

#### *Operation Review*

For the six months ended 30 September 2006, the Group recorded a turnover of HK\$63,500,800, a 90.9% increase which compared with last year corresponding period of HK\$33,251,086. Performance of the Group had significantly improved. The Group recorded an increase in profit of 460% to HK\$9,927,313. The profit was mainly attributed from realization of long term listed investment. This reflected that the seed planted by the management in early year can now be harvested.

Thus, there is a substantial increase in turnover and profit. Net asset value per share was increased by 16% from HK\$0.10 to HK\$0.116. The management had adapted a tight cost control policy. The increased finance cost from HK\$175,076 to HK\$309,442 is mainly due to the increase in interest rate. The management will manage the portfolio and the finance cost closely for the best interest of all stakeholders.

#### *Prospects*

Given the present continuous economic improvement in Hong Kong and the commitment of the Hong Kong Special Administrative Region Government in boosting the economic environment in Hong Kong, there exists an up trend of the real GDP from HK\$1,105,273 million in 2004 first three quarters to HK\$1,264,655 million in 2006 first three quarters, representing a 14.4% increase. There is a general improvement in the overall economy.

Looking ahead, the Group will continue to closely monitor the investment portfolio. Under the present dynamic economic environment in Hong Kong, the management of the Group

will continue to manage its investment portfolio with an aim to maximize the benefit of the shareholders at a manageable risk level. The management will continue to look into quality potential investment project that will nurture further development and constant growth in the future

## **FINANCIAL REVIEW**

### ***Liquidity and Financial Resources***

As at 30 September 2006, the Group had bank balances and cash of HK\$11,334,424 (31 March 2006: HK\$9,239,764) 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***

There was no change to the Group's capital structure for the six months ended 30 September 2006.

### ***Share Options***

The Group does not adopt any share option scheme.

### ***Capital commitment and contingent liabilities***

As at 30 September 2006, the Group had no material capital commitment and contingent liabilities.

## **THE CODE ON CORPORATE GOVERNANCE PRACTICES**

The Company has met with the code provisions of the Code on Corporate Governance Practices, as set out in Appendix 14 of the Listing Rules, during the accounting period covered by the interim report.

## **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.

## **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 2006 before recommending them to the Board for approval.

The Committee comprises three independent non-executive directors, namely Mr. Wong Wai Kwong, David, Dr. Lewis Hung Fung and Mr. Ip Man Tin, David.

## **EMPLOYMENT AND REMUNERATION POLICIES**

As at 30 September 2006 and 31 March 2006, the Group employed a total of 4 full-time employees, including the executive directors of the Group. Employees' remuneration are fixed and determined with reference to the market rate.

## **EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES**

The Group's assets and liabilities are denominated in Hong Kong Dollars and, therefore, the Group has no significant exposure to foreign exchange fluctuation.

## **REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

During the six months ended 30 September 2006, 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, 8 December 2006

*As at the date of this announcement, the board of the Company consists of Mr. Li Kwok Cheung, George, Mr. Cheng Wai Lun, Andrew and Dr. Wong Yun Kuen as executive directors and Mr. Wong Wai Kwong, David, Dr. Lewis Hung Fung and Mr. Ip Man Tin, David as independent non-executive directors.*

*\* For identification only*

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