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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 2016

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 2016 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>	2016 (unaudited) HK\$	2015 (unaudited) HK\$
Turnover	4	162,442,988	112,495,984
Costs of listed securities disposed		(155,718,014)	(104,250,311)
Other revenues	5	107,618	10
Other net (loss)/gain	5	(9,550,478)	6,985,002
Administrative and other operating expenses		(2,699,467)	(2,589,148)
Finance costs	6	(26,948)	(173,772)
(Loss)/profit before taxation	7	(5,444,301)	12,467,765
Income tax expense	8	-	-
(Loss)/profit for the period attributable to equity holders of the Company		(5,444,301)	12,467,765
(Loss)/earnings per share			
Basic and diluted	9	(0.51)cents	1.18cents

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

	2016 (unaudited) HK\$	2015 (unaudited) HK\$
(Loss)/profit for the period attributable to equity holders of the Company	<u>(5,444,301)</u>	<u>12,467,765</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	(1,325,818)	(163,979)
Reclassification adjustments transferred to consolidated income statement		
- Released upon disposal of available-for-sale financial assets	<u>-</u>	<u>(1,831,500)</u>
Other comprehensive loss for the period, net of tax	<u>(1,325,818)</u>	<u>(1,995,479)</u>
Total comprehensive (loss)/income attributable to equity holders of the Company	<u><u>(6,770,119)</u></u>	<u><u>10,472,286</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	30 September 2016 (unaudited) HK\$	31 March 2016 (audited) HK\$
NON-CURRENT ASSETS			
Property, plant and equipment		5,335	8,876
Available-for-sale financial assets	10	<u>25,628,617</u>	<u>20,984,825</u>
		25,633,952	20,993,701
CURRENT ASSETS			
Amounts due from investee companies		<u>2,737,382</u>	2,737,382
Amounts due from related companies		<u>8,985,825</u>	2,921,041
Deposits		<u>66,060</u>	66,060
Financial assets at fair value through profit or loss	11	<u>113,592,103</u>	118,043,593
Cash and bank balances		<u>3,458,782</u>	16,663,448
		<u>128,840,152</u>	140,431,524
CURRENT LIABILITIES			
Accruals		<u>80,000</u>	261,002
		<u>80,000</u>	261,002
NET CURRENT ASSETS			
		<u>128,760,152</u>	140,170,522
NET ASSETS			
		<u>154,394,104</u>	<u>161,164,223</u>
CAPITAL AND RESERVES			
Share capital		<u>10,597,782</u>	10,597,782
Reserves		<u>143,796,322</u>	150,566,441
TOTAL EQUITY			
		<u>154,394,104</u>	<u>161,164,223</u>
NET ASSET VALUE PER SHARE	12	<u>0.146</u>	<u>0.152</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 unaudited 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 2016.

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 unaudited condensed consolidated financial statement are consistent with those used in the annual consolidated financial statements of the Group for the year ended 31 March 2016, 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.

HKFRS 10, HKFRS 12 and HKAS 28 (2011) Amendments	<i>Investment Entities: Applying the Consolidation Exception</i>
HKFRS 11 Amendments	<i>Accounting for Acquisitions of Interests in Joint Operations</i>
HKFRS 14	<i>Regulatory Deferral Accounts</i>
HKAS 1 Amendments	<i>Disclosure Initiative</i>
HKAS 16 and HKAS 38 Amendments	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>
HKAS 16 and HKAS 41 Amendments	<i>Agriculture :Bearer Plants</i>

3. ACCOUNTING POLICIES (CONT'D)

(a) Changes in accounting policy and disclosures (cont'd)

HKAS 27 (2011) *Equity Method in Separate Financial Statements*
Amendments
Annual Improvements 2012 – 2014 Cycle – Amendments to a number of HKFRSs

(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> ⁴
HKFRS 15	<i>Revenue from Contracts with Customers</i> ¹
HKFRS 16	<i>Leases</i> ³
HKAS 7 Amendments	<i>Statement of cash flows</i> ²
HKAS 12 Amendments	<i>Income taxes</i> ²

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

² Effective for annual periods beginning on or after 1st January 2017

³ Effective for annual periods beginning on or after 1st January 2019

⁴ Originally intended to be effective for annual periods beginning on or after 1 January 2016. The effective date has now been deferred

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	
	2016 (unaudited) HK\$	2015 (unaudited) HK\$
Proceeds from sale of available-for-sale financial assets – listed	-	6,039,917
Proceeds from sale of financial assets at fair value through profit or loss – listed	159,401,723	103,412,551
Dividend income from listed equity securities	3,041,265	3,043,516
	<u>162,442,988</u>	<u>112,495,984</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 (LOSS)/GAIN

	For the six months ended 30 September	
	2016 (unaudited) HK\$	2015 (unaudited) HK\$
Other revenues		
Interest income	8	10
Underwriting Commission	107,610	-
	<u>107,618</u>	<u>10</u>
Other net (loss)/gain		
Net unrealised (loss)/gain on financial assets at fair value through profit or loss	(9,550,478)	6,985,002
	<u>(9,550,478)</u>	<u>6,985,002</u>

6. FINANCE COSTS

	For the six months ended 30 September	
	2016 (unaudited) HK\$	2015 (unaudited) HK\$
Interest on other borrowings wholly repayable within five years	<u>26,948</u>	<u>173,772</u>

7. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation has been arrived at after charging the following:

	For the six months ended 30 September	
	2016 (unaudited) HK\$	2015 (unaudited) HK\$
Depreciation	3,451	4,574
Investment management fee paid to a related company	1,199,640	1,418,450
Staff costs, including defined contributions of HK\$10,200 (2015: HK\$9,650) to MPF Scheme	283,200	236,650
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 for the period ended 30 September 2016 as the Group did not generate any assessable profits during the period (30 September 2015: No provision for Hong Kong profits tax has been made for the period ended as the assessable profits of the Group were wholly offset by tax losses brought forward) .

9. (LOSS)/EARNINGS PER SHARE

The calculation of the basic loss per share for the six months ended 30 September 2016 is based on the Group's loss attributable to equity holders of the Company for the period of HK\$5,444,301 (For the six months ended 30 September 2015: profit HK\$12,467,765) and 1,059,778,200 (For the six months ended 30 September 2015: 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 2016 and 2015 respectively.

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	30 September 2016 (unaudited) HK\$	31 March 2016 (audited) HK\$
Unlisted equity and debt securities, at cost	18,094,963	12,125,450
Less: Provision for impairment loss	(5,171,500)	(5,171,500)
	<u>12,923,463</u>	<u>6,953,950</u>
 Listed equity securities in Hong Kong	 12,705,154	 14,030,875
	<u>25,628,617</u>	<u>20,984,825</u>
 Market value of listed equity securities	 <u>12,705,154</u>	 <u>14,030,875</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 2016 (unaudited) HK\$	31 March 2016 (audited) HK\$
Equity securities, - listed in Hong Kong at fair value	102,475,505	112,103,648
Derivative financial instruments at fair value	866,598	689,945
Unlisted convertible debt securities at fair value	10,250,000	5,250,000
	<u>113,592,103</u>	<u>118,043,593</u>
 Market value of listed equity securities	 <u>102,475,505</u>	 <u>112,103,648</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\$154,394,103 (31 March 2016: HK\$161,164,223) and 1,059,778,200 (31 March 2016: 1,059,778,200) ordinary shares in issue as at 30 September 2016.

13. INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend in respect of the six months ended 30 September 2016 (2015: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group recorded a net loss attributable to equity shareholders of approximately HK\$ 5,500,000 for the six months ended 30 September 2016 as compared to the net profit of approximately HK\$12,500,000 in the corresponding period of last year. The turnaround from net profit to net loss was mainly due to record an unrealised loss on financial assets at fair value through profit or loss approximately HK\$9,500,000, as compared an unrealised gain of HK\$6,985,000 in last corresponding period. Turnover significantly increased 44% from HK\$112.5 million to HK\$162.5 million compared with the corresponding period of last year was resulted from continuous prudent but proactive investment strategy adopted by the management even though the transaction volume in the Hang Seng Index decreased as compared to the same period last year. As the Group would like to take the opportunity of the impact from the UK referendum on exiting the European Union and the news from Shenzhen- Hong Kong Stock Connect Programme in order to bring better returns to the Shareholders. Moreover, the Group maintains cash and bank balances of approximately HK\$3.5 million and HK\$16.6 million for the six-month periods ended 30 September 2016 and year ended 31 March 2016 respectively. The decreased in cash and bank balances were mainly due to more unlisted investments funded by the Group's own cash and increase in amount due from related companies. Although the cash and bank balance decreased as at this period end, they are still healthy and maintains good liquidity. The net asset value decreased by 4.2% from HK\$ 161.1 million from HK\$154.4 million.

During the corresponding period, the global and local equity markets had experienced intense volatility and these markets just like taking a roller coaster ride going up and down. The volatilities were mainly due to many uncertainties around the world, starting with the Chief of Federal Reserve (the “Fed”) decisions on the timing of a rate hike this year, as well as many economic red flags overseas including the impact from the UK referendum on exiting the European Union, risk on Italy’s debt default, the US president election, political uncertainty in PRC and devaluation of RMB, etc.

Entered into the second quarter, the Fed noted that further delay in rate hikes was likely to pose risks to financial stability and could result in inflation overshooting their target, and unless there is a significant deterioration in growth prospects or in global financial conditions, the Fed will increase rate before year end. Although the Fed opting to forego a rate hike and followed the markets’ wishes to reduce its targeted rate hike projection from 4 times to 2 times this year, all the investors are still waiting for the actual rate hike timetable and worry the impact from advent of it. In addition, the result of UK referendum on exiting the European Union on 23 June 2016 generated financial market turbulence and bringing negative impacts on the global equities markets. Dow Jones Index dropped around 4.8% within 4 days from 18,009 to 17,140 in late June 2016. However, the global investors expected the Fed may have policies to stimulate the stock markets, including the interest rate cut instead of rate hike, together with the good economic data in US which led the Dow Jones Index rebound 6.8% to 18,308 from 17,140 at the end of September 2016.

On the other side, the China stock markets sentiment was relatively insipid than US and European equities markets. The Shanghai Composite Index maintained the same level at around 3,000 at the end of March 2016 and end of September 2016. This is because the positive news were offset by the negative news during the period. The expectation on the A-shares entering into MSCI and the launching of the Shenzhen- Hong Kong Stock Connect Programme at the beginning of second quarter 2016 led the index rais. But finally discounted by the news of A-shares failure of entering MSCI, risk on debenture default and devaluation of RMB. Together with the poor economic data just like the HSBC Flash China Purchasing Manufacturing Managers’ Index (“PMI”) hovering around 50 and government target for GDP growth kept around 6.7% during the period. All these positive and negative effects stabilized the stock markets in China and the Shanghai Composite Index of this period end being kept at the same level at end of March 2016.

Hong Kong equity market was sensitive to the news on the global economic situation, especially the impact from the uncertain timetable of U.S. rate hike, continuous devaluation of RMB and especially the impact from Brexit in the past few months has more far-reaching Hong Kong investment implications. The Brexit brought an opportunity to Hong Kong as more investors and liquidity inflow to Hong Kong equity market together with the expectation of start of the Shenzhen- Hong Kong Stock Connect Programme soon which led the HSI increased 15% from 19,663 in June to 23,297 at the end of September 2016.

Prospects

We expect the global stock markets to be full of challenges in the coming few months especially there will be high probability to increase interest rate by the Fed before the end of 2016, the impact from the US president election, and the possibility of European Union countries following UK's decision to exit the European Union and the devaluation of RMB. These will 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 strategy so as to optimize returns for our shareholders.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 30 September 2016, the Group had bank balances and cash of HK\$3,458,782 (31 March 2016: HK\$16,663,448). The Board believes that the Group has sufficient financial resources to satisfy its commitments and working capital requirements.

As at 30 September 2016, 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 (2016: nil) as there was no debt as at 30 September 2016 (31 March 2016: 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 2016.

Capital commitment and contingent liabilities

As at 30 September 2016, 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 2016 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 2016, 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, Dr. FUNG Lewis Hung was unable to attend the annual general meeting ("AGM") and extraordinary general meeting ("EGM") of the Company held on 24 August 2016 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 and EGM.

EMPLOYMENT AND REMUNERATION POLICIES

As at 30 September 2016, the Group employed a total of 3 full-time employees (2015: 3), 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 2016, 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 2016 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, 22 November 2016

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*