



UPBEST GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

FINAL RESULTS FOR THE YEAR ENDED MARCH 31, 2002

The Board of Directors (the “Directors”) of Upbest Group Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended March 31, 2002 with comparative figures for the preceding financial year as follows:-

	<i>Notes</i>	2002 HK\$'000	2001 <i>HK\$'000</i>
Turnover	1	51,245	64,338
Net investment (loss) income		(738)	20,427
Other income		4	146
Administrative and other operating expenses		(15,776)	(13,271)
Profit from operations		34,735	71,640
Finance costs		(5,302)	(8,069)
Profit before taxation		29,433	63,571
Taxation	2	(4,845)	(6,879)
Net profit attributable to shareholders		24,588	56,692
Dividends	3	11,200	74,000
Basic earnings per share	4	8.8 cents	23.1 cents

Notes:

1. Turnover and segment information

The Group is principally engaged in the provision of a wide range of financial services including four core business segments, namely Broking, Margin financing and loan financing, Corporate finance advisory, placing and underwriting, and Assets management. An analysis of the Group's turnover and contribution to the profit from operations by business and geographical segments for the years ended March 31, 2002 and 2001 is as follows:

(a) Business segments

	Broking		Margin financing and loan financing		Corporate finance advisory, placing and underwriting		Assets management		Consolidated	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:										
Sales to external customers	<u>13,354</u>	<u>22,554</u>	<u>29,408</u>	<u>37,756</u>	<u>3,176</u>	<u>3,543</u>	<u>5,307</u>	<u>485</u>	<u>51,245</u>	<u>64,338</u>
Segment results	<u>4,912</u>	<u>11,946</u>	<u>22,763</u>	<u>28,629</u>	<u>1,336</u>	<u>1,963</u>	<u>1,156</u>	<u>460</u>	<u>30,167</u>	<u>42,998</u>
Net investment (loss) income									(738)	20,427
Other income									<u>4</u>	<u>146</u>
Profit from operations									<u>29,433</u>	<u>63,571</u>
Taxation									<u>(4,845)</u>	<u>(6,879)</u>
Net profit attributable to shareholders									<u>24,588</u>	<u>56,692</u>

(b) Geographical segment

No geographical analysis is presented as all the Group's revenue and results are derived from activities in Hong Kong.

2. Taxation

The charge comprises:

	2002 HK\$'000	2001 HK\$'000
Hong Kong Profits Tax		
Provision for the year	<u>4,844</u>	<u>6,873</u>
Underprovision in prior years	<u>1</u>	<u>6</u>
	<u>4,845</u>	<u>6,879</u>

Hong Kong Profits Tax is calculated at 16% (2001: 16%) on the estimated assessable profits for the year.

The Group did not have any significant unprovided deferred taxation for the year (2001: Nil).

3. Dividends

	2002 HK\$'000	2001 HK\$'000
Special dividends	–	46,000
Interim dividend paid at HK1.5 cents (2001: Nil) per ordinary share	4,200	–
Final dividend proposed at HK2.5 cents (2001: HK10 cents) per ordinary share	<u>7,000</u>	<u>28,000</u>
	<u>11,200</u>	<u>74,000</u>

The special dividends for 2001 were paid by certain subsidiaries of the Group to their then shareholders prior to the group reorganisation in the last year.

4. Basic earnings per share

The calculation of basic earnings per share for the year is based on the net profit attributable to shareholders of HK\$24,588,000 (2001: HK\$56,692,000) and the weighted average number of 280,000,000 (2001: 245,000,000) shares in issue during the year.

There is no diluted earnings per share for the years ended March 31, 2002 and 2001 presented since the Company has no dilutive potential ordinary shares.

FINAL DIVIDEND

The Directors have resolved to recommend the payment of a final dividend of HK2.5 cents per ordinary share for the year ended March 31, 2002 to shareholders of the Company whose names appear on the register of members of the Company on August 23, 2002.

Subject to the approval of shareholders at the forthcoming annual general meeting, the dividend cheques of the final dividend will be despatched to shareholders on or about September 16, 2002.

BONUS ISSUE OF SHARES

The Directors have resolved to recommend a bonus issue of shares for the year.

The bonus issue of shares will be made on the basis of three bonus shares for every one existing ordinary share held by the shareholders of the Company whose names appear on the register of members on August 23, 2002. The bonus shares will be credited as fully paid at par and will rank pari passu with the existing ordinary shares in all respects.

Subject to the approval of shareholders at the forthcoming annual general meeting, the bonus share certificates will be despatched to shareholders on or about September 16, 2002.

CLOSURE OF REGISTERS OF MEMBERS

The registers of members of the Company will be closed from Monday, August 19, 2002 to Friday, August 23, 2002, both days inclusive, during which period no transfer of shares will be registered.

In order to qualify for the proposed final dividend and bonus shares, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrars in Hong Kong, Standard Registrars Limited, at 5th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong for registration no later than 4:00 p.m. on Friday, August 16, 2002.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

Overview

The operating environment during the financial year under review had been extremely difficult for the financial industry, as the global and our economy both experienced extreme slow down not seen in many decades which was further worsened by the terrorist attack in the USA on September 11, 2001. Fortunately under such a difficult environment, we are still able to maintain an operating profit of HK\$30 million (as shown in the segment results) although this showed a decrease of approximately 30% when compared with previous year.

Broking

Under such a poor economic condition, the daily trading volume on the Stock Exchange had been adversely affected by a drop of over 30% during the year under review. Our commission and brokerage income decreased by 41% under such environment.

Margin financing and loan financing

Margin financing interest income and loan interest accounted for 57% of the Group's turnover. During the year under review, we experienced repetitive interest rate cuts of 9 times of a substantial reduction of nearly 4% in our prime lending rate. Due to the interest rates cuts, our total interest income from these two business lines decreased by approximately 22%.

Assets management

Our assets management service has expanded drastically during the year under review. As at year end, we were investment managers of a company listed on the main board of the Stock Exchange and six other private institutional clients, the total assets value of these private portfolios was over HK\$860 million. Subsequent to our year end, another company listed on the main board engaged us as its investment manager. Assets management fee income accounted for nearly 10% of our total turnover.

Corporate finance advisory

The scope of operation of our corporate finance division has also been expanded. Fee income for corporate finance advisory accounted for over 5% of our total turnover.

Prospects

With the initial public offering of the two renown large international banks and the inflow of funds from the Qualified Domestic Institutional Investors (QDII) scheme in the second half of 2002, together with the HKSAR government proactive measures to encourage and attract companies including mainland enterprises to be listed in Hong Kong, the market activity is anticipated to improve.

In addition to the reinforcement of the traditional securities brokerage business, we will continue to enhance and expand our assets management and corporate finance division. We will capitalise on our competitive advantage of being a fully integrated one stop financial services conglomerate.

Financial review

Liquidity and financial resources

As at March 31, 2002, the Group had cash and bank balances of approximately HK\$82 million (2001: HK\$82 million) of which approximately HK\$61 million (2001: HK\$62 million) were pledged to banks for facilities granted to the Group.

As at March 31, 2002 the Group had available aggregate banking facilities of approximately HK\$84 million (2001: HK\$82 million) of which approximately HK\$29 million (2001: HK\$14 million) was not utilized.

Capital structure

There was no change to the Group's capital structure for the year ended March 31, 2002.

CODE OF BEST PRACTICE

Throughout the year ended March 31, 2002, the Company was in compliance 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 "Listing Rules") 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 meeting of the Company.

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

During the year, other than as an agent for clients of the Company or its subsidiaries, there was no purchase, sale or redemption by the Company or any of its subsidiaries of the Company's listed securities.

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

A detailed results announcement containing all information required by paragraphs 45(1) to 45(3) of Appendix 16 of the Listing Rules will be published on the website of The Stock Exchange of Hong Kong Limited in due course.

By order of the Board
Tsang Cheuk Lau
Chairman

Hong Kong, July 15, 2002

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