UPBEST GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 335)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2005

The board of directors (the "Board") of Upbest Group Limited (the "Company") is pleased to present the unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended 30th September 2005 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		For the six months ended 30th September	
		2005	2004
		(unaudited)	(unaudited)
	Note	***HK$'000***	*HK$'000*
Turnover	3	**32,812**	27,825
Gain on acquisition of subsidiaries		**24,678**	–
Gain on disposal of a subsidiary		**18,100**	–
Other income		**20**	80
Provision for doubtful debts		**(507)**	(409)
Administrative and other operating expenses		**(7,771)**	(8,028)
Profit from operations	4	**67,332**	19,468
Finance costs	5	**(2,827)**	(1,229)
Share of results of an associate		**–**	(26)
Profit before taxation		**64,505**	18,213
Taxation	6	**(3,181)**	(2,950)
Profit for the period		**61,324**	15,263
Attributable for:			
Shareholders of the Company		**61,324**	15,263
Minority interests		**–**	–
		61,324	15,263
Interim dividend		**Nil cent**	Nil cent
Basic earnings per share	7	**5.0 cents**	1.4 cents

CONDENSED CONSOLIDATED BALANCE SHEET

	30th September 2005 (unaudited) HK$'000	31st March 2005 (audited) HK$'000
Assets and Liabilities		
Non-current assets		
Property, plant and equipment	**2,011**	2,226
Investment properties	**170,164**	170,000
Intangible assets	**2,040**	2,040
Interest in an associate	**–**	–
Trade and other receivables	**75,387**	453
Other non-current assets	**6,454**	5,929
	256,056	180,648
Current assets		
Trade and other receivables	**472,662**	428,620
Amount due from an associate	**20,000**	40
Properties held for development	**44,000**	44,000
Tax recoverable	**–**	219
Pledged fixed deposits with bank	**64,092**	63,187
Other bank balances and cash	**61,229**	34,421
	661,983	570,487
Current liabilities		
Bank borrowings	**187,029**	151,056
Creditors and accruals	**86,861**	47,721
Dividend payable	**30,719**	–
Amounts due to related parties	**123,456**	152,444
Tax payable	**3,836**	981
	431,901	352,202
Net current assets	**230,082**	218,285
Non current liabilities		
Risk sub-participation	**39,000**	–
Net assets	**447,138**	398,933
Equity		
Capital and reserves		
Share capital	**12,288**	12,288
Reserves	**417,250**	355,926
Proposed final dividend	**–**	30,719
Minority Interest	**17,600**	–
	447,138	398,933

NOTES TO CONDENSED INTERIM REPORTS

1. Basis of preparation and accounting policies

This unaudited condensed consolidated financial information has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

This condensed consolidated financial information should be read in conjunction with the audited annual financial statements for the year ended 31st March 2005.

The accounting policies and methods of computation used in the preparation of this condensed consolidated financial information are consistent with those used in the annual financial statements for the year ended 31st March 2005 except that the Group has changed certain of its accounting policies following its adoption of new Hong Kong Financial Reporting Standards and Hong Kong

Accounting Standards ("new HKFRS") which are effective for accounting periods commencing on or after 1st January 2005.

This interim financial information has been prepared in accordance with those new HKFRS standards and interpretations issued and effective as at the time of preparing this information. The new HKFRS standards and interpretations that will be applicable at 31st March 2006, including those that will be applicable on an optional basis, are not known with certainty at the time of preparing this interim financial information.

The changes to the Group's accounting policies and the effect of adopting these new policies are set out in note 2 below.

2. Changes in accounting policies

(i) Effect of adopting new HKFRS

In 2005, the Group adopted the new/revised standards of HKFRS below, which are relevant to its operations. The 2004 comparatives have been amended as required, in accordance with the relevant requirements.

HKAS 1	Presentation of Financial Statements
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 12	Income Taxes
HKAS 14	Segment Reporting
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 18	Revenue
HKAS 19	Employee Benefits
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 28	Investments in Associates
HKAS 31	Investment in Joint Ventures
HKAS 32	Financial Instruments: Disclosures and Presentation
HKAS 33	Earnings per Share
HKAS 34	Interim Financial Reporting
HKAS 36	Impairment of Assets
HKAS 37	Provision, Contingent Liabilities and Contingent Assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKFRS 3	Business Combinations
HKAS-Int 15	Operating Leases-incentives

The adoption of new/revised HKASs 1, 7, 8, 10, 12, 14, 16, 17, 18, 19, 21, 24, 27, 28, 32, 33, 34, 37, 38, 39, HKFRS 3 and HKAS-Int 15 did not result in substantial changes to the Group's accounting policies. In summary:

– HKAS 1 has affected the presentation of minority interest, share of net after-tax results of associates and other disclosures.
– HKASs 7, 8, 10, 12, 14, 16, 17, 21, 27, 28, 33, 34 have no material effect on the Group's policies.
– HKAS 24 has affected the identification of related parties and some other related party disclosures.

The Group has reassessed the useful lives of its intangible assets in accordance with the provisions of HKAS 38. As a result, the useful lives of Stock Exchange trading rights, Futures Exchange trading right and membership of The Chinese Gold & Silver Exchange Society are reassessed to be indefinite. The carrying amount remains the same as 31st March 2005. The annual amortization of HK$340,000 will cease.

(ii) New accounting policies

The accounting policies used for the condensed consolidated financial information for the six months ended 30th September 2005 are the same as those set out in note 3 to the audited annual financial statements for the year ended 31st March 2005 except for the following:

(a) Joint ventures

The Group's interests in jointly controlled entities are accounted for by proportionate consolidation. The Group combines its share of the joint ventures' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the Group's financial statements. The Group recognizes the portion of gains or losses on the sale of assets by the Group to the joint venture that it is attributable to the other venturers. The Group does not recognize its share of profits or losses from the joint venture that result from the Group's purchase of assets from the joint venture until it resells the assets to an independent party. However, a loss on the transaction is recognized immediately if the loss provides evidence of a reduction in the net realizable value of current assets, or an impairment loss.

(b) *Foreign currency translation*

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in HK dollars, which is the Group's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(c) *Group companies*

The results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates; and

(iii) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(d) *Property, plant and equipment*

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

(e) *Impairment of assets*

Assets that have an indefinite useful life are not subject to amortisation, which are at least tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

(f) *Trade and other receivables*

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

(g) *Share capital*

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the Company's equity share capital, the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's shareholders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's shareholders.

(h) *Interest income*

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised either as cash is collected or on a cost-recovery basis as conditions warrant.

3. Turnover and segment Information

(a) *Business segments*

An analysis of segment information of the Group about these businesses is as follows:

	Broking For the six months ended 30th September		Financing For the six months ended 30th September		Corporate finance For the six months ended 30th September		Assets management For the six months ended 30th September		Property investment For the six months ended 30th September		Consolidated For the six months ended 30th September	
	2005	2004	**2005**	2004	**2005**	2004	**2005**	2004	**2005**	2004	**2005**	2004
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
Segment revenue:												
Sales to external customers	**7,587**	7,242	**22,015**	18,812	**268**	607	**1,309**	1,164	**1,633**	–	**32,812**	27,825
Segment results	**2,581**	1,902	**18,576**	15,957	**(118)**	186	**907**	523	**268**	–	**22,214**	18,568
Gain on acquisition of subsidiaries											**24,678**	–
Gain on disposal of a subsidiary											**18,100**	–
Provision for doubtful debts											**(507)**	(409)
Other income											**20**	80
Share of results of an associate											**–**	(26)
Profit before taxation											**64,505**	18,213
Taxation											**(3,181)**	(2,950)
Profit for the period											**61,324**	15,263
Attributable for:												
Shareholders of the Company											**61,324**	15,263
Minority interests											**–**	–
											61,324	15,263

	Broking		Financing		Corporate finance		Assets management		Property investment		Inter-segment elimination		Consolidated	
	30th September 2005	31st March 2005	**30th September 2005**	31st March 2005	**30th September 2005**	31st March 2005	**30th September 2005**	31st March 2005	**30th September 2005**	31st March 2005	**30th September 2005**	31st March 2005	**30th September 2005**	31st March 2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)
Assets														
Segment assets	73,670	61,679	587,772	451,449	-	-	3,822	3,629	261,996	234,745	(9,375)	(1,501)	917,885	750,001
Interest in an associate													-	40
Unallocated corporate assets													154	1,094
Consolidated total assets													918,039	751,135
Liabilities														
Segment liabilities	38,110	24,064	366,072	283,607	-	-	10	10	9,618	12,171	(9,375)	(1,501)	404,435	318,351
Interest in an associate													-	-
Unallocated corporate liabilities													66,466	33,851
Consolidated total liabilities													470,901	352,202
Other information														
Capital expenditure	27	639	3	337					164	131,363			194	132,339
Depreciation and amortisation	211	781	34	69									245	850
Provision for doubtful debts			507	1,802									507	1,802
Bad debts written off	-	200	-	-									-	200

(b) Geographical segments

The Group's operations are principally located in Hong Kong and Macau. The Group's administration is carried out in Hong Kong.

The following table provides an analysis of the Group's turnover by geographical market and analysis of total assets and capital expenditure by the geographical area in which the operations and assets are located.

	Turnover For the six months ended 30th September		Capital expenditure For the six months ended 30th September		Total assets	
	2005	2004	**2005**	2004	**30th September 2005**	31st March 2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Audited)
Hong Kong	**31,179**	27,825	**30**	34	**655,015**	515,409
Macau	**1,633**	–	**164**	–	**263,024**	235,726
	32,812	27,825	**194**	34	**918,039**	751,135

4. Profit from operations

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

	Six months ended 30th September	
	2005	2004
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Staff costs, including directors' remuneration		
– provident fund contributions	**100**	100
– other staff costs	**3,842**	4,178
Depreciation	**245**	158
Amortisation of intangible assets	**–**	340
Provision for doubtful debts	**507**	409
Operating lease rentals in respect of rented premises	**418**	410

5. Finance costs

	Six months ended 30th September	
	2005	2004
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Interest on bank loans and overdrafts	**2,613**	1,216
Interest on loans from other institutions	**143**	–
Bank charges	**71**	13
	2,827	1,229

6. Taxation

	Six months ended 30th September	
	2005	2004
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Hong Kong profits tax	**3,181**	2,950

Hong Kong profits tax is calculated at 17.5% (2004: 17.5%) on the estimated assessable profits for the period.

At 30th September 2005 and 2004, the Group had no material deferred tax asset or liability unrecognized at the balance sheet date.

7. Basic earnings per share

The calculation of basic earnings per share is based on the Group's profit attributable to shareholders for the six months ended 30th September 2005 of approximately HK$61,324,000 (2004: HK$15,263,000) and the weighted average number of 1,228,754,000 shares (2004: 1,120,000,000 shares) in issue during the period.

There is no diluted earnings per share for the periods ended 30th September 2005 and 2004 presented since the Company has no dilutive potential ordinary shares.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend in respect of the six months ended 30th September 2005 (2004: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The interim result for the period ended 30th September 2005 reflects the early stage of profit realization arising from the successful diversification program of the Group to benefit from the upturn in Macau's property sector and the acquisition of the loan portfolio. Net profit for the period reached HK$61.3 million that represented an increase of 302% from that in the corresponding period in 2004. Earnings per share increased by 257% from HK1.4 cents for the period ended 30th September 2004 to HK5.0 cents. The significant improvement in profit resulted from the disposal of 40% equity interest in a subsidiary incorporated in Macau for property development with book value of HK$44 million and the successful acquisition of Gold Face Finance Limited ("GFF") at an attractive price. GFF is principally engaged in the provision of second mortgage loans and personal loans. The turnover of the Group's core financial services business increased by 18% during the period.

Securities and Commodities Brokerage
The brokerage segment recorded a contributable to profit before tax of HK$2.6 million, an increase of around HK$0.7 million, approximately 36%, compared to HK$1.9 million achieved for the 6 months ended 30th September 2004.

Corporate Finance
To a large extent, the earning performance of this segment depends greatly on market conditions. According to the Quarterly Report of the Hong Kong Exchanges and Clearing Limited, there were only 26 companies newly listed for the second and third quarter of 2005. When compared with the corresponding period of 2004, there were 36 companies newly listed, this represented a decrease of approximately 28%. Turnover from this sector decreased by 56% when compared with the same period in 2004. The result is in line with the market trend.

Assets Management
The Group was the investment manager of two companies listed on the Main Board of the Stock Exchange under Chapter 21 (Investment Companies) of the Rules Governing the Listing of Securities and four other institutional clients. Total asset value under our management exceeded HK$900 million for the period ended 30th September 2005.

Financing
The Group's turnover within the money lending business and margin financing activities was similar to the corresponding period last year. Turnover within this segment increased by approximately 17% mainly due to an increase in interest rates and business expansion activities. At the beginning of 2005, the Group entered into a restructuring agreement together with the scheme prepared under s166 of the Companies Ordinance, Chapter 32 of the Laws of Hong Kong in order to acquire GFF. The completion of the acquisition of entire share capital of GFF took place on 22 September 2005. As at the date of this report, GFF is a wholly owned subsidiary of the Group and will generate steady interest income for the Group. On 16 November 2005, GFF has received a writ of summons issued by True Gold Investments Limited ("True Gold") against GFF, the newly acquired wholly-owned subsidiary, as 2nd defendant. Gold-Face Enterprises Limited, an independent third party, as the 1st defendant under the writ of summons. The Group had immediately obtained legal advice from Counsel upon our receipt of the writ of summons. Given that the allegations in the statement of claim are vague and not properly particularized, it is the opinion of the Board, the writ of summons should not have any material adverse impact on the business operations and financial performance of the Group.

Property Investment
Chino Plaza located in Macau Peninsula Central was acquired during the first quarter of 2005. The property comprises gross floor area of more than 100,000 sq.ft. retail shops plus 51 carparking spaces. It started to contribute to the turnover and profit of this business segment. In addition, as at 30th September 2005, the Group portfolio also included one piece of land located in Macau which the Group intends to develop into residential / commercial building. During 2005, the Group had entered into an agreement to purchase a piece of land located in Macau with market value of HK$57 million at a consideration of HK$27 million. As at 30th September 2005, the land was still under registration process. In this regard, the HK$27 million was recorded as deposit. This segment contributed approximately 5% of the total turnover.

During the period, the Group had entered into a joint venture with one of US top five-investment fund to acquire the shopping mall of Treasury Garden, a property located in Macau Taipa. In addition, the Group had disposed 40% interest in a subsidiary which principally engaged in Macau property development for a profit of HK$18.1 million.

Prospect
To achieve the necessary growth momentum and to maximize the financial returns to our shareholders in the future, the Group had successfully diversified into the Macau property investments markets and acquired Gold Face Finance Limited in 2005. Rental income and interest income generated from these transactions had become a steady income stream for the Group during the interim reporting period. The Group capitalized on the experience and knowledge of the Management and is now well positioned.

The Group will be continuously on the lookout for new investment opportunities with the objective to maximize shareholders' benefit for the full financial year 2005/2006 and years beyond.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 30th September 2005, the Group had cash and bank balances of approximately HK$125 million (31st March 2005: HK$98 million) of which approximately HK$64 million (31st March 2005: HK$63 million) were pledged to bank for facilities granted to the Group. The Company has provided corporate guarantees to a bank to the extent of HK$233 million (31st March 2005: HK$173 million) for securing general banking facilities granted to subsidiaries.

As at 30th September 2005, the Group had available aggregate banking facilities of approximately HK$343 million (31st March 2005: HK$283 million) of which approximately HK$174 million (31st March 2005: HK$144 million) was not utilized.

Gearing Ratio

As at 30th September 2005, the amount of total bank borrowings was approximately HK$187 million (31st March 2005: HK$151 million), being equal to approximately 42% (31st March 2005: 38%) of the net assets of approximately HK$447 million (31st March 2005: HK$399 million).

CAPITAL STRUCTURE

There was no change to the Group's capital structure for the six months ended 30th September 2005.

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

Employees' remuneration are fixed and determined with reference to the market remuneration.

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 of the Group consists of three independent non-executive directors, namely Mr. Wong Wai Kwong, David, Mr. Pang Cheung Hing, Alex and Mr. Fuk Ho Kai.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Listing Rules have recently been amended by the Stock Exchange by replacing the Code of Best Practice in Appendix 14 by a new Code on Corporate Governance Practices ("Code") and adding a new Appendix 23 on the requirements for a Corporate Governance Report to be included in annual reports of listed Issuers. Subject to certain transitional arrangements, the amendments took effect on 1st January, 2005.

The Company has complied with the Code throughout the six months ended 30th September, 2005, with deviations from code provisions A.4.1 of the Code only in respect of the service term of directors.

None of the existing non-executive directors (including independent non-executive directors) of the Company is appointed for a specific term. This constitutes a deviation from code provision A.4.1 of the Code. However, all the directors of the Company are subject to the retirement provisions under article 116 of the Articles of Association of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Code.

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.

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

During the six months ended 30th September 2005, 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
Dr. Wong King Keung, Peter
Chairman

Hong Kong, 12th December 2005

As at the date of this announcement, the Board of the Company consists of Dr. Wong King Keung, Peter as chairman and non-executive director, Mr. Wong Ching Hung, Thomas, Mr. Cheng Kai Ming, Charles and Mr. Li Kwok Cheung, George as executive directors and Mr. Wong Wai Kwong, David, Mr. Pang Cheung Hing, Alex and Mr. Fuk Ho Kai as independent non-executive directors.

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