



# UPBEST GROUP LIMITED

## 美建集團有限公司\*

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 335)

### ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2007

UPBEST GROUP LIMITED is an investment holding with subsidiaries principally engaged in the provision of a wide range of financial services including securities broking, futures broking, securities margin financing, money lending, corporate finance advisory, assets management, precious metal trading and also property investment.

#### *Performance Highlights*

	<b>2007</b>	<b>2006</b>	<b>Increase /</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>(decrease)</b>
<b>Net profit</b>	<b>214,573</b>	<b>155,289</b>	<b>38%</b>
<b>Total dividend</b>	<b>40,782</b>	<b>35,087</b>	<b>16%</b>
<b>Total assets</b>	<b>1,440,077</b>	<b>1,093,931</b>	<b>32%</b>
<b>Net asset</b>	<b>773,997</b>	<b>565,839</b>	<b>37%</b>
<b>Earnings per share</b>	<b>HK16.9 cents</b>	<b>HK12.5 cents</b>	<b>35%</b>

## RESULTS

The Board of Directors (the “Board”) of Upbest Group Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31<sup>st</sup> March, 2007 with comparative figures for the preceding financial year as follows:

### CONSOLIDATED INCOME STATEMENT

		For the year ended 31 <sup>st</sup> March	
	Note	2007 HK\$'000	2006 HK\$'000
Turnover	3	207,979	77,216
Cost of goods sold		(106,996)	-
Other revenue		661	66
Excess of net fair value of consolidation arising from acquisition of a subsidiary		1,631	67,194
Gain on disposal of property, plant and equipment		94	-
Gain on disposal of a subsidiary		-	18,100
Increase in fair value of investment properties		162,977	16,836
Net gain on financial assets at fair value through profit or loss		1,257	-
Bad debts recovered		-	18,484
Provision for doubtful debts		(3,037)	(2,508)
Administrative and other operating expenses		(28,939)	(19,486)
Finance costs	4	(10,402)	(9,137)
Share of results of associates		195	248
Profit before taxation	5	225,420	167,013
Income tax expense	7	(10,847)	(11,724)
Profit for the year		<u>214,573</u>	<u>155,289</u>
Attributable to:			
Equity holders of the Company		213,603	155,296
Minority interests		970	(7)
		<u>214,573</u>	<u>155,289</u>
Dividends	8	<u>40,782</u>	<u>35,087</u>
<b>Earnings per share</b>	6	<b>HK cents</b>	<b>HK cents</b>
Basic		<u>16.9</u>	<u>12.5</u>
Diluted		<u>N/A</u>	<u>N/A</u>

## CONSOLIDATED BALANCE SHEET

	Note	As at 31 <sup>st</sup> March	
		2007 HK\$'000	2006 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		2,168	1,962
Investment properties		350,000	187,000
Intangible assets		2,040	2,040
Interests in associates		66,791	20,481
Available-for-sale financial assets		137	1
Trade and other receivables, deposits and prepayments	9	51,890	89,898
Other assets		6,716	6,788
		<u>479,742</u>	<u>308,170</u>
<b>CURRENT ASSETS</b>			
Properties held for development		83,307	71,000
Inventories		13,747	-
Loan receivables		128,999	127,999
Trade and other receivables, deposits and prepayments	9	522,191	469,130
Amounts due from related companies		164	5,242
Financial assets at fair value through profit or loss		68,172	-
Tax recoverable		3,572	390
Bank balances and cash	10	140,183	112,000
		<u>960,335</u>	<u>785,761</u>
<b>CURRENT LIABILITIES</b>			
Borrowings	11	476,746	114,778
Amounts due to related parties		82,059	111,633
Creditors and accrued expenses	12	87,757	132,778
Provision for profits tax		2,943	5,803
		<u>649,505</u>	<u>364,992</u>
<b>NET CURRENT ASSETS</b>		<u>310,830</u>	<u>420,769</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		790,572	728,939
<b>NON-CURRENT LIABILITY</b>			
Borrowings	11	16,575	163,100
<b>NET ASSETS</b>		<u>773,997</u>	<u>565,839</u>
<b>CAPITAL AND RESERVES</b>			
Share capital		12,744	12,531
Reserves		701,783	500,503
Proposed final dividend		40,782	35,087
Equity attributable to equity holders of the Company		755,309	548,121
Minority interests		18,688	17,718
<b>TOTAL EQUITY</b>		<u>773,997</u>	<u>565,839</u>

## NOTES ON THE CONDENSED REPORTS

### 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 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.

As at the date of this report, CCAA Group Limited held direct interests in 895,634,229 shares, representing approximately 70.28%, of the issued share capital of the Company.

The Company is principally engaged in investment holding. Its subsidiaries are principally engaged in the provision of a wide range of financial services including securities broking, futures broking, securities margin financing, money lending, corporate finance advisory, assets management, precious metal trading and also property investment.

The financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented.

Basis of preparation:

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”). They have been prepared under the historical cost convention except that the investment properties, available-for-sale financial assets and financial assets at fair value through profit or loss are stated at fair value.

The accounting policies and methods of computation are consistent with those used in the annual financial statements for the year ended 31<sup>st</sup> March, 2006 with the addition of the following amendments to standards and interpretation which are relevant to the Group’s operation and are mandatory for the financial year ended 31<sup>st</sup> March, 2007:

HKAS 39 Amendments	Transition and Initial Recognition of Financial Assets and Financial Liabilities Cash Flow Hedge Accounting of Forecast Intragroup Transactions The Fair Value Option
HKAS 39 & HKFRS 4 Amendments	Financial Instruments: Recognition and Measurement and Insurance Contracts – Financial Guarantee Contracts

These amendments to standards and interpretations had no material effect on the Group’s accounting policies.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The following new standards, amendments to standards and interpretations are relevant to the Group's operation but are not effective for 2007 and have not been early adopted:

HKAS 1 Amendment	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HKFRS 8	Operating Segments
HK(IFRIC)	Applying the Restatement Approach under HKAS 29
– Interpretation 7	Financial Reporting in Hyperinflationary Economies
HK(IFRIC)	Scope of HKFRS 2
– Interpretation 8	
HK(IFRIC)	Reassessment of Embedded Derivatives
– Interpretation 9	
HK(IFRIC)	Interim Financial Reporting and Impairment
– Interpretation 10	
HK(IFRIC)	Group and Treasury Share Transactions
– Interpretation 11	
HK(IFRIC)	Service Concession Arrangements
– Interpretation 12	

The Group believes that the adoption of the above new standards, amendment to standards and interpretations will not result in substantial changes to the Group's accounting policies except that there will be additional disclosures required by HKAS 1 Amendment and HKFRS 7.

### 3. TURNOVER AND SEGMENT INFORMATION

#### a) Business segments

For management purposes, the Group is currently organized into seven operating divisions namely broking, financing, corporate finance, assets management, property investment, precious metal trading and investment holding. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Broking	Securities brokerage and futures brokerage
Financing	Securities margin financing and money lending
Corporate finance	Corporate finance advisory, placing and underwriting
Assets management	Assets management for listed and unlisted companies and high net worth individuals
Property investment	Property rental and dealing
Precious metal trading	Precious metal trading
Investment holding	Share investments

An analysis of segment information of the Group on these businesses for the years ended 31<sup>st</sup> March, 2007 and 2006 is as follows:

Segment revenue	2007	2006	Consolidated	
	HK\$'000	HK\$'000	2007 HK\$'000	2006 HK\$'000
Sales to external customers				
Broking	29,348	15,433		
Financing	55,957	53,883		
Corporate finance	5,812	2,216		
Assets management	2,977	2,565		
Property investment	3,724	3,119		
Precious metal trading	110,161	-		
Investment holding	-	-	207,979	77,216
<b>Segment results</b>				
Broking	10,278	4,631		
Financing	41,570	40,054		
Corporate finance	5,738	1,498		
Assets management	2,852	1,774		
Property investment	949	637		
Precious metal trading	1,512	-		
Investment holding	-	(1)	62,899	48,593
Increase in fair value of investment properties			162,977	16,836
Gain on acquisition of a subsidiary			1,631	67,194
Gain on disposal of a subsidiary			-	18,100
Gain on disposal of property, plant and equipment			94	-
Provision for doubtful debts			(3,037)	(2,508)
Bad debts recovered			-	18,484
Other revenue			661	66
Share of results of associates			195	248
Profit before taxation			225,420	167,013
Income tax expenses			(10,847)	(11,724)
Profit for the year			214,573	155,289

### 3. TURNOVER AND SEGMENT INFORMATION (CONT'D)

#### 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		Total assets		Capital expenditure	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Hong Kong	<b>204,255</b>	74,097	<b>821,680</b>	686,561	<b>993</b>	277
Macau	<b>3,724</b>	3,119	<b>618,397</b>	407,370	<b>23</b>	164
	<b><u>207,979</u></b>	<u>77,216</u>	<b><u>1,440,077</u></b>	<u>1,093,931</u>	<b><u>1,016</u></b>	<u>441</u>

### 4. FINANCE COSTS

	The Group	
	2007 HK\$'000	2006 HK\$'000
Interest on bank loans and overdrafts	<b>7,456</b>	6,683
Interest on other loans	<b>2,946</b>	2,454
	<b><u>10,402</u></b>	<u>9,137</u>

### 5. PROFIT BEFORE TAXATION

Profit before taxation has been arrived at after charging and crediting the following:

	The Group	
	2007 HK\$'000	2006 HK\$'000
Charging:		
Auditors' remuneration		
- current year	<b>369</b>	299
- underprovision in prior year	<b>-</b>	27
	<b><u>369</u></b>	<u>326</u>
Staff costs	<b>17,512</b>	9,712
Depreciation	<b>631</b>	541
Operating leases rentals in respect of rented premises	<b><u>1,194</u></b>	<u>880</u>
Crediting:		
Rental income from operating leases less outgoings (Gross rental income: HK\$3,724,189 (2006: HK\$3,119,415))	<b>3,502</b>	2,901
Gain on disposal of property, plant and equipment	<b><u>94</u></b>	<u>-</u>

## 6. EARNINGS PER SHARE

The basic earnings per share is based on the Group's profit attributable to equity holders of the Company of approximately HK\$213,603,000 (2006: HK\$155,296,000) and the weighted average number of 1,261,817,638 shares (2006: 1,239,769,701 shares) in issue during the year.

There is no diluted earnings per share for the year ended 31<sup>st</sup> March, 2007 and 2006 presented since the Company has no dilutive potential ordinary shares.

## 7. INCOME TAX EXPENSE

a) Income tax expense in the consolidated income statement represents:

	<b>The Group</b>	
	<b>2007</b>	2006
	<b>HK\$'000</b>	HK\$'000
Hong Kong profits tax		
- current year	<u><b>10,847</b></u>	<u>11,724</u>

b) i) Provision for Hong Kong profits tax has been made at the rate of 17.5% (2006: 17.5%)

ii) No provision for overseas taxation has been made as the amount is insignificant.

c) Income tax expense for the year can be reconciled to the profit per the consolidated income statement as follows:

	<b>The Group</b>	
	<b>2007</b>	2006
	<b>HK\$'000</b>	HK\$'000
Profit before taxation	<u><b>225,420</b></u>	<u>167,013</u>
Tax at the statutory income tax rate of 17.5%	<b>39,448</b>	29,227
Tax effect of non-taxable revenue	<b>(29,762)</b>	(17,966)
Tax effect of non-deductible expenses	<b>623</b>	226
Tax effect of unrecognised temporary difference	<b>(20)</b>	30
Tax effect of tax losses not recognised	<b>712</b>	183
Utilisation of tax losses previously not recognised	<b>(23)</b>	-
Others	<b>(131)</b>	24
Income tax expense	<u><b>10,847</b></u>	<u>11,724</u>

## 8. DIVIDENDS

	<b>2007</b>	2006
	<b>HK\$'000</b>	HK\$'000
Final dividend proposed of HK3.2 cents (2006: HK2.8 cents) per ordinary share	<u><b>40,782</b></u>	<u>35,087</u>

## 9. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	<b>The Group</b>	
	<b>2007</b>	2006
	<b>HK\$'000</b>	HK\$'000
Amounts receivable arising from the ordinary course of business of dealing in securities and options:		
- Cash clients, less provision for doubtful debts of HK\$451,000 (2006: HK\$451,000)	<b>43,202</b>	16,215
- The SEHK Options Clearing House Limited	<b>2</b>	2
- Hong Kong Securities Clearing Company Limited	<b>28,586</b>	60,723
Accounts receivable from tenants	<b>44</b>	27
Amounts receivable arising from the ordinary course of business of dealing in futures contracts:		
- Clearing house	<b>11,490</b>	15,940
Amounts receivable arising from the ordinary course of business of provision of securities margin financing:		
- Clients, less provision for doubtful debts of HK\$13,031,000 (2006: HK\$12,327,000)	<b>226,410</b>	81,033
Amounts receivable arising from the ordinary course of business dealing in trading of precious metal:		
- Clients	<b>9,383</b>	-
Interest bearing loans receivable, less provision for doubtful debts of HK\$94,507,000 (2006: HK\$95,287,000)	<b>247,510</b>	383,922
Other receivables	<b>6,573</b>	437
Deposits and prepayments	<b>881</b>	729
	<b>574,081</b>	559,028
Portion classified as non-current assets	<b>(51,890)</b>	(89,898)
Portion classified as current assets	<b>522,191</b>	469,130

Margin client receivables of approximately HK\$226,410,000 (2006: HK\$81,033,000) are repayable on demand, bearing interest at market rate and secured by clients' securities listed on the Stock Exchange with a market value of approximately HK\$463,931,000 as at 31<sup>st</sup> March, 2007 (2006: HK\$192,511,000).

The settlement terms of cash client receivables and amounts due from clearing houses are one or two days after the trade date. The age of these balances is within 30 days.

No ageing analysis is disclosed for margin client receivables and interest bearing loans receivable as, in the opinion of the Board, the ageing analysis does not give additional value in view of the nature of business of securities margin financing and money lending business.

## 10. BANK BALANCES AND CASH

	The Group	
	2007	2006
	HK\$'000	HK\$'000
Cash at bank		
- General accounts	57,438	37,340
- Trust accounts	7,001	5,604
- Segregated accounts	5,679	3,694
Cash in hand	11	3
Short-term bank deposits (note)	70,054	65,359
	<u>140,183</u>	<u>112,000</u>

Note : The amount represents fixed deposits pledged to a bank to secure general banking facilities granted to the Group.

## 11. BORROWINGS

	The Group	
	2007	2006
	HK\$'000	HK\$'000
Borrowings comprise:		
Bank overdrafts	130,951	101,078
Bank loan	100,501	-
Other loans		
- interest bearing	133,869	48,800
- interest free	128,000	128,000
	<u>493,321</u>	<u>277,878</u>
Analysed as:		
Secured	330,201	100,924
Unsecured	163,120	176,954
	<u>493,321</u>	<u>277,878</u>
Borrowings are repayable as follows:		
Within one year or on demand	476,746	114,778
More than one year but not exceeding two years	16,575	146,525
More than two years but not exceeding five years	-	16,575
	<u>493,321</u>	<u>277,878</u>
Less: Amount repayable within one year and shown under current liabilities	476,746	114,778
Amount due after one year	<u>16,575</u>	<u>163,100</u>

## 12. CREDITORS AND ACCRUED EXPENSES

	<b>The Group</b>	
	<b>2007</b>	2006
	<b>HK\$'000</b>	HK\$'000
Amounts payable arising from the ordinary course of business of dealing in securities and options:		
- Cash clients	<b>37,846</b>	76,832
Amounts payable arising from the ordinary course of business of dealing in futures contracts:		
- Clients	<b>17,163</b>	19,627
Amounts payable arising from the ordinary course of business of provision of securities margin financing:		
- Clients	<b>6,536</b>	7,233
Amounts payable arising from ordinary course of business of dealing in bullion	<b>10,805</b>	-
Escrow money received	<b>7,653</b>	25,231
Accruals and other payables	<b>6,688</b>	3,296
Rental and other deposits received	<b>1,027</b>	558
Rental receipts in advance	<b>39</b>	1
	<b>87,757</b>	132,778

No ageing analysis is disclosed for escrow money received as it represents deposits paid by third parties to the Group for the purpose of potential investments in certain projects and the balance at 31<sup>st</sup> March, 2007 is non-interest bearing.

The settlement term of cash client payables is two days after the trade date. Other payables are repayable on demand. The age of these balances is within 30 days.

### **DIVIDENDS AND DISTRIBUTION**

The Board has resolved to recommend the payment of a final dividend of HK3.2 cents (2006: HK2.8 cents) per ordinary share for the year.

The Company also proposes that a scrip dividend election will be offered to shareholders with Hong Kong address. Subject to the approval of shareholders at the forthcoming annual general meeting, the proposed final dividend is expected to be paid on 2<sup>nd</sup> November 2007. CCAA Group Limited, the substantial shareholder with 70.28% interest of the Company, has committed to elect to receive the final dividend in the form of scrip.

### **CLOSURE OF REGISTERS OF MEMBERS**

The registers of members of the Company will be closed from 6<sup>th</sup> August 2007 to 10<sup>th</sup> August 2007, both days inclusive, during which period no transfer of shares will be registered.

In order to qualify for the proposed final dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Share Registrars in Hong Kong, Standard Registrars Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road, Wanchai, Hong Kong for registration no later than 4:00 p.m. on 3<sup>rd</sup> August 2007.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

During the year under review, the Hang Seng Index rose by 25.28%. With strong liquidity inflows, average daily market turnover was HK\$49.5 billion, an increase of 57.52% over 2006 same period. At the end of year 2006, Hong Kong ranked third by total equity fund raised, second by new listings' funds raised and sixth by market capitalization, among members of the World Federation of Exchanges. With the impressive market development, the Group had achieved a remarkable result this year.

For the year ended 31<sup>st</sup> March, 2007, the Group recorded a net profit of HK\$214,573,000 (2006: HK\$155,289,000). Profit attributable to equity holders of the Company amounted to HK\$213,603,000 (2006: HK\$155,296,000). Earnings per share were HK16.9 cents (2006: HK12.5 cents), a 35.44% increase. Turnover increased 169.34% from 2006 of HK\$77,216,000 to HK\$207,979,000 this year. The increase in turnover was principally caused by two major factors. The first was an increase in existing business turnover from HK\$77,216,000 to HK\$97,818,000, a 26.68% increase. The other factor was the commencement of precious metal trading, which contributed HK\$110,161,000 to the Group's turnover. The significant improvement in profit from ordinary course of business resulted from the concerted efforts of the Group to diversify successfully into the Macau property market and to expand horizontally in the financial services sector including precious metal business.

### **Financing**

Turnover within the money lending business and margin financing activities increased by approximately 3.85% to HK\$55,957,000 (2006: HK\$53,883,000). This division attribute HK\$41,570,000 profit (2006: HK\$40,054,000) to the Group, an increased of around 3.78% when compared with last year.

### **Securities and Commodities Brokerage**

The buoyant conditions in the stock market were reflected in a substantial increase in our brokerage division performance. Turnover and profit attributable to the Group had significantly improved to HK\$29,348,000 (2006: HK\$15,433,000) and HK\$10,278,000 (2006: HK\$4,631,000) respectively. When compared with last year corresponding period, turnover and profit attributable to the Group increased by 90.16% and 121.94% respectively.

### **Corporate Finance**

Our corporate finance division turnover increased from HK\$2,216,000 to HK\$5,812,000, representing a 162.27% increase. This division recorded an attributable profit of HK\$5,738,000 for the year under review, an increase of 283.04%. This division will continue to focus on different types of financial advisory, placing and IPO projects.

### **Assets Management**

The Group maintained as the investment manager of two companies listed on the Main Board of the Stock Exchange under Chapter 21 (Investment Companies) of the Listing Rules. The net asset value for these two companies increased over 37.63% when compared with corresponding year. This division maintains a stable turnover under the client selection approach implemented since last year. The approach proves to be successful and effective by recording an improvement in profit of 60.77% to HK\$2,852,000. This is in line with the Group's defined policy on focusing on managing asset at a fee on assets value basis going forward.

### **Property Investment**

For the year ended 31<sup>st</sup> March, 2007, the rental income amounted to HK\$3,724,000, a 19.40% increase when compared with last year's corresponding period. This division attributable profit increased over 48.98% to HK\$949,000.

### **Precious Metal Trading**

In April 2006, the Group has commenced precious metal business through a 75% owned subsidiary. This subsidiary provides one stop precious metal service including physical trading, industrial product trading and financing by collaborating with major players in the market such as Johnson Matthey, The Standard Bank, Wing Hang Bank, Bank of China and Mitsui Bussan etc. It is not usual for a business to contribute profit during the inception stage, however, this subsidiary had a successful start. This segment recorded a turnover and profit of HK\$110,161,000 and HK\$1,512,000 respectively.

### **Prospect**

In 2005, the Group had acquired Chino Plaza (the "Plaza") in Macau Peninsula which contributed a gross rental income of approximately HK\$3,724,000. The Management have re-organised the tenants portfolio and is successfully introducing a well-known supermarket and American fast food chain store to be located in the Plaza this year. The new comers will enhance the Plaza's image and customers flow which in turn increase our bargaining powers on rental negotiation. It is expected that the gross rental income will be increased satisfactory after the tenants' portfolio re-organisation is completed.

In the meanwhile, our other investments on properties development in Macau are progressing satisfactory. The continuing rapid growth of Macau economy has stimulated the increasing demand and price of both residential flats and commercial shops. The management believes the projects will bring good profits to the Group in future years.

The listed securities turnover has reached a record high in Hong Kong due to the IPO of several famous Chinese banks and corporations during the year. The turnover and contribution from brokerage and margin financing are expected to grow steadily as the market is forecasted to be active due to the QDII funds inflow from Mainland China in the coming months

## **FINANCIAL REVIEW**

### **Liquidity and Financial Resources**

As at 31<sup>st</sup> March, 2007, the Group had cash and bank balances of approximately HK\$140 million (2006: HK\$112 million) of which approximately HK\$70 million (2006: HK\$65 million) were pledged to bank for facilities granted to the Group. The Company has given guarantees to the extent of HK\$368 million (2006: HK\$337 million) to secure the general banking facilities granted to subsidiaries.

As at 31<sup>st</sup> March, 2007, the Group had available aggregate banking facilities of approximately HK\$378 million (2006: HK\$343 million) of which approximately HK\$212 million (2006: HK\$242 million) was not utilised.

### **Gearing Ratio**

As at 31<sup>st</sup> March, 2007, the amount of total borrowings was approximately HK\$493 million (2006: HK\$278 million). The gearing (net interest bearing debts) being equal to approximately 47.16 % (2006: 26.5%) of the net assets of approximately HK\$774 million (2006: HK\$566 million).

### **FOREIGN CURRENCY FLUCTUATION**

During the year, the Group mainly uses Hong Kong dollars and United States dollars to carry out its business transactions. The Board considers the foreign currency exposure is insignificant.

### **CAPITAL STRUCTURE**

There was no change to the Group's capital structure for the year ended 31<sup>st</sup> March, 2007.

### **EMPLOYMENT**

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

## **SHARE OPTION**

The Company does not have share option scheme.

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

For the year ended 31<sup>st</sup> March, 2007, other than as an agent for clients of the Company or its subsidiaries, neither the Company nor any of its subsidiaries repurchased, sold or redeemed any of the Company's listed securities during the year.

## **AUDIT COMMITTEE**

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. The audit committee had reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the financial statements of the Group for the year ended 31<sup>st</sup> March, 2007.

The figures in respect of the preliminary announcement of the Group's results for the year ended 31<sup>st</sup> March 2007 have been agreed by the Group's auditors, Li, Tang, Chen & Co, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Li, Tang, Chen & Co in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Li, Tang, Chen & Co on the preliminary announcement.

## **REMUNERATION COMMITTEE**

The Remuneration Committee was set up on 18<sup>th</sup> July, 2005 and the members comprised of independent non-executive directors, Mr. Wong Wai Kwong, David, Mr. Pang Cheung Hing, Alex, Mr. Fuk Ho Kai and executive director, Mr. Cheng Kai Ming, Charles. During the past one year, the remuneration committee had one meeting.

## **CODE ON CORPORATE GOVERNANCE PRACTICES**

The Company has complied with the Code throughout the year ended 31<sup>st</sup> March, 2007, 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.

## **CREDIT CONTROL**

The Group has been practicing tight credit control policy. A credit committee composed of three executive directors is responsible for overseeing the granting of credit facilities. Daily operation of money lending will be guided by the stringent procedures as prescribed by the internal control manual.

### **SUFFICIENCY OF PUBLIC FLOAT**

According to the information that is publicly available to the Company and within the knowledge of the directors, the percentage of the Company's shares which are in the hands of the public is not less than 25% of the Company's total number of issued shares.

### **PUBLICATION OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE**

This announcement will be published on the respective websites of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and the Company ([www.upbest.com](http://www.upbest.com)) on 16<sup>th</sup> July, 2007. The annual report for the year ended 31<sup>st</sup> March, 2007 containing all the information required by the Listing Rules will be published on the website of the Company and the Stock Exchange and despatched to shareholders in due course.

By order of the Board  
Dr. Wong King Keung, Peter  
Chairman

Hong Kong, 16<sup>th</sup> July, 2007

*\* For identification purpose only*

*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, Mr. Suen Man Tak, Stephen, Mr. Li Kwok Cheung, George, Ms. Cheng Wai Ling, Annie and Mr. Cheng Wai Lun, Andrew as executive directors and Mr. Wong Wai Kwong, David, Mr. Pang Cheung Hing, Alex, Mr. Fuk Ho Kai and Mr. Ng Yick Man, Andy as independent non-executive directors.*