



# UPBEST GROUP LIMITED

美建集團有限公司\*

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 335)

## ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30<sup>TH</sup> SEPTEMBER, 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*

	For the six months ended 30 <sup>th</sup> September		
	2007	2006	Increase
	HK\$'000	HK\$'000	%
Net profit	41,144	24,459	68.2
Total assets	1,503,760	1,201,373	25.2
Net asset	774,360	555,211	39.5
Earnings per share	HK3.2 cents	HK1.9 cents	68.4

## 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 six months ended 30<sup>th</sup> September, 2007 as follows:

### CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	For the six months ended 30 <sup>th</sup> September	
		2007 (unaudited) HK\$'000	2006 (unaudited) HK\$'000
Turnover	3	<b>197,858</b>	87,486
Cost of goods sold		<b>(142,510)</b>	(43,022)
Other revenue		<b>266</b>	1,545
Loss /(Gain ) on disposal of property, plant and equipment		<b>(40)</b>	94
Gain on disposal of a subsidiary		<b>12,000</b>	-
Bad debts recovered		<b>84</b>	169
Provision for doubtful debts		<b>(42)</b>	(682)
Administrative and other operating expenses		<b>(14,998)</b>	(11,232)
Finance costs	4	<b>(6,018)</b>	(4,799)
Share of results of associates		<b>491</b>	37
Profit before taxation	5	<b>47,091</b>	29,596
Income tax expense	7	<b>(5,947)</b>	(5,137)
Profit for the period		<b>41,144</b>	24,459
Attributable to:			
Equity holders of the Company		<b>41,106</b>	24,301
Minority interests		<b>38</b>	158
		<b>41,144</b>	24,459
Dividends		<b>Nil</b>	Nil
<b>Earnings per share</b>	6	<b>HK cents</b>	HK cents
Basic		<b>3.2</b>	1.9
Diluted		<b>N/A</b>	N/A

# CONDENSED CONSOLIDATED BALANCE SHEET

	Note	30 <sup>th</sup> September, 2007 (unaudited) HK\$'000	31 <sup>st</sup> March, 2007 (audited) HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		1,947	2,168
Investment properties		350,000	350,000
Intangible assets		2,040	2,040
Interests in associates		65,584	66,791
Available-for-sale financial assets		136	137
Trade and other receivables, deposits and prepayments	8	46,943	51,890
Other assets		6,596	6,716
		<u>473,246</u>	<u>479,742</u>
<b>CURRENT ASSETS</b>			
Properties held for development		81,884	83,307
Inventories		12,008	13,747
Loan receivables		476	128,999
Trade and other receivables, deposits and prepayments	8	703,274	522,191
Amounts due from related companies		58,328	164
Financial assets at fair value through profit or loss		6,436	68,172
Tax recoverable		1,590	3,572
Bank balances and cash	9	166,518	140,183
		<u>1,030,514</u>	<u>960,335</u>
<b>CURRENT LIABILITIES</b>			
Borrowings	10	222,019	476,746
Amounts due to related parties		92,705	82,059
Creditors and accrued expenses	11	350,507	87,757
Dividend payable		40,782	-
Provision for profits tax		6,812	2,943
		<u>712,825</u>	<u>649,505</u>
<b>NET CURRENT ASSETS</b>		<u>317,689</u>	<u>310,830</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>790,935</b>	<b>790,572</b>
<b>NON-CURRENT LIABILITY</b>			
Borrowings	10	16,575	16,575
<b>NET ASSETS</b>		<u>774,360</u>	<u>773,997</u>
<b>CAPITAL AND RESERVES</b>			
Share capital		12,744	12,744
Reserves		742,890	701,783
Proposed final dividend		-	40,782
Equity attributable to equity holders of the Company		755,634	755,309
Minority interests		18,726	18,688
<b>TOTAL EQUITY</b>		<u>774,360</u>	<u>773,997</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 Ugland House, South Church Street, P.O. Box 309, George Town, Grand Cayman, Cayman Islands, British West Indies. The principal place of business is 2nd Floor, Wah Kit Commercial Centre, 302 Des Voeux Road Central, Hong Kong.

The Company 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, property investment and precious metal trading. The financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company.

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

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31<sup>st</sup> March, 2007.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31<sup>st</sup> March, 2007, except for the adoption of the following Hong Kong Financial Reporting Standards (“HKFRSs”) mandatory for annual periods beginning on or after 1<sup>st</sup> April, 2007:

HKAS 1	Amendment Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC) - Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC) - Int 8	Scope of HKFRS 2
HK(IFRIC) - Int 9	Reassessment of Embedded Derivatives
HK(IFRIC) - Int 10	Interim Financial Reporting and Impairment

The adoption of the above HKFRSs has had no material impact on the Group’s results of operations for the current period or financial position at 30<sup>th</sup> September, 2007.

### 3. TURNOVER AND SEGMENT INFORMATION

#### a) Business segments

For management purposes, the Group is currently organized into six operating divisions namely broking, financing, corporate finance, assets management, property investment and precious metal trading. 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

An analysis of segment information of the Group on these businesses for the six months ended 30<sup>th</sup> September, 2007 and 2006 is as follows:

	For the six months ended 30 <sup>th</sup> September		Consolidated For the six months ended 30 <sup>th</sup> September	
	2007 (unaudited) HK\$'000	2006 (unaudited) HK\$'000	2007 (unaudited) HK\$'000	2006 (unaudited) HK\$'000
<b>Segment revenue</b>				
Sales to external customers				
Broking	22,454	10,638		
Financing	24,439	27,928		
Corporate finance	360	1,902		
Assets management	1,812	1,480		
Property investment	2,530	1,754		
Precious metal trading	146,263	43,784	197,858	87,486
<b>Segment results</b>				
Broking	12,647	3,800		
Financing	18,749	21,731		
Corporate finance	357	1,890		
Assets management	1,748	1,425		
Property investment	917	(83)		
Precious metal trading	163	765	34,581	29,528
Gain on disposal of a subsidiary			12,000	-
(Loss) / Gain on disposal of property, plant and equipment			(40)	94
Bad debts recovered			84	169
Provision for doubtful debts			(42)	(682)
Other revenue			17	450
Share of results of associates			491	37
Profit before taxation			47,091	29,596
Income tax expenses			(5,947)	(5,137)
Profit for the period			41,144	24,459

#### 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.

	<b>Turnover</b>		<b>Total assets</b>		<b>Capital expenditure</b>	
	<b>For the six months ended 30<sup>th</sup> September</b>		<b>30<sup>th</sup> September</b>	<b>31<sup>st</sup> March</b>	<b>For the six months ended 30<sup>th</sup> September</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2007</b>	<b>2007</b>	<b>2006</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>	<b>(unaudited)</b>	<b>(audited)</b>	<b>(unaudited)</b>	<b>(unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
Hong Kong	<b>195,356</b>	85,732	<b>1,027,516</b>	821,680	<b>246</b>	697
Macau	<b>2,502</b>	1,754	<b>476,244</b>	618,397	<b>22</b>	-
	<b>197,858</b>	87,486	<b>1,503,760</b>	1,440,077	<b>268</b>	697

#### 4. FINANCE COSTS

	<b>The Group</b>	
	<b>For the six months ended 30<sup>th</sup> September</b>	
	<b>2007</b>	<b>2006</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Interest on bank loans and overdrafts	<b>4,817</b>	3,512
Interest on other loans	<b>1,201</b>	1,287
	<b>6,018</b>	4,799

#### 5. PROFIT BEFORE TAXATION

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

	<b>The Group</b>	
	<b>For the six months ended 30<sup>th</sup> September</b>	
	<b>2007</b>	<b>2006</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Staff costs	<b>9,052</b>	5,754
Depreciation	<b>327</b>	308
Provision for doubtful debts	<b>42</b>	682
Operating leases rentals in respect of rented premises	<b>790</b>	485
Crediting:		
Rental income from operating leases less outgoings		
(Gross rental income: HK\$2,553,294 (2006: HK\$1,753,662))	<b>1,613</b>	1,104
(Loss)/Gain on disposal of property, plant and equipment	<b>(40)</b>	94

#### 6. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the Group's profit attributable to equity holders of the Company for the six months ended 30<sup>th</sup> September, 2007 of approximately HK\$41,106,000 (2006: HK\$24,301,000) and the weighted average number of 1,274,423,365 shares (2006: 1,253,122,065 shares) in issue during the period.

There is no diluted earnings per share for the period ended 30<sup>th</sup> September, 2007 and 2006 presented since the Company has no dilutive potential ordinary shares.

## 7. TAXATION

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

	<b>The Group</b>	
	<b>For the six months ended</b>	
	<b>30<sup>th</sup> September</b>	
	<b>2007</b>	<b>2006</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Hong Kong profits tax		
- provision for the period	<b>5,943</b>	5,134
Overseas tax paid	<b>4</b>	3
	<b><u>5,947</u></b>	<b><u>5,137</u></b>

- 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.

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

	<b>The Group</b>	
	<b>30<sup>th</sup> September</b>	<b>31<sup>st</sup> March</b>
	<b>2007</b>	<b>2007</b>
	<b>(unaudited)</b>	<b>(audited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
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 (31 <sup>st</sup> March, 2007: HK\$451,000)	<b>116,056</b>	43,202
- The SEHK Options Clearing House Limited	<b>2</b>	2
- Hong Kong Securities Clearing Company Limited	<b>30,476</b>	28,586
Accounts receivable from tenants	<b>3</b>	44
Amounts receivable arising from the ordinary course of business of dealing in futures contracts:		
- Clearing house	<b>30,710</b>	11,490
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 (31 <sup>st</sup> March, 2007: HK\$13,031,000)	<b>145,272</b>	226,410
Amounts receivable arising from the ordinary course of business dealing in trading of precious metal:		
- Clients	<b>159,179</b>	9,383
Interest bearing loans receivable, less provision for doubtful debts of HK\$89,182,000 (31 <sup>st</sup> March, 2007: HK\$94,507,000)	<b>259,751</b>	247,510
Other receivables	<b>1,498</b>	6,573
Deposits and prepayments	<b>7,270</b>	881
	<b><u>750,217</u></b>	<b><u>574,081</u></b>
Portion classified as non-current assets	<b>(46,943)</b>	(51,890)
Portion classified as current assets	<b><u>703,274</u></b>	<b><u>522,191</u></b>

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

The settlement terms of cash client receivables and amount due from clearing houses are one or two days after the trade date. The age of these balances is within 30 days. The credit term of amount receivable of precious metals trading business is normally within 60 days.

## 9. BANK BALANCES AND CASH

	<b>The Group</b>	
	<b>30<sup>th</sup> September</b>	<b>31<sup>st</sup> March</b>
	<b>2007</b>	<b>2007</b>
	<b>(unaudited)</b>	<b>(audited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Cash at bank		
- General accounts	<b>40,813</b>	57,438
- Trust accounts	<b>16,773</b>	7,001
- Segregated accounts	<b>3,225</b>	5,679
Cash in hand	<b>8</b>	11
Short-term bank deposits (note)	<b>105,699</b>	70,054
	<b><u>166,518</u></b>	<b><u>140,183</u></b>

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

## 10. BORROWINGS

	<b>The Group</b>	
	<b>30<sup>th</sup> September</b>	<b>31<sup>st</sup> March</b>
	<b>2007</b>	<b>2007</b>
	<b>(unaudited)</b>	<b>(audited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Borrowings comprise:		
Bank overdrafts	<b>69,614</b>	130,951
Bank loan	<b>108,653</b>	100,501
Other loans		
- interest bearing	<b>60,327</b>	133,869
- interest free	<b>-</b>	128,000
	<b><u>238,594</u></b>	<b><u>493,321</u></b>
Analysed as:		
Secured	<b>207,394</b>	330,201
Unsecured	<b>31,200</b>	163,120
	<b><u>238,594</u></b>	<b><u>493,321</u></b>
Borrowings are repayable as follows:		
Within one year or on demand	<b>222,019</b>	476,746
More than one year but not exceeding two years	<b>16,575</b>	16,575
	<b><u>238,594</u></b>	<b><u>493,321</u></b>
Less: Amount repayable within one year and shown under current liabilities	<b>(222,019)</b>	(476,746)
Amount due after one year	<b><u>16,575</u></b>	<b><u>16,575</u></b>



## 11. CREDITORS AND ACCRUED EXPENSES

	<b>The Group</b>	
	<b>30<sup>th</sup> September 2007 (unaudited) HK\$'000</b>	<b>31<sup>st</sup> March 2007 (audited) HK\$'000</b>
Amounts payable arising from the ordinary course of business of dealing in securities and options:		
- Cash clients	<b>113,695</b>	37,846
Amounts payable arising from the ordinary course of business of dealing in futures contracts:		
- Clients	<b>33,929</b>	17,163
Amounts payable arising from the ordinary course of business of provision of securities margin financing:		
- Clients	<b>12,070</b>	6,536
Amounts payable arising from ordinary course of business of dealing in trading of precious metal	<b>172,685</b>	10,805
Escrow money received	<b>6,189</b>	7,653
Accruals and other payables	<b>11,193</b>	6,688
Rental and other deposits received	<b>709</b>	1,027
Rental receipts in advance	<b>37</b>	39
	<b><u>350,507</u></b>	<b><u>87,757</u></b>

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 30<sup>th</sup> September, 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.

## INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend in respect of the six months ended 30<sup>th</sup> September, 2007 (2006: nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

During the six months under review, the Group recorded a profit before taxation of HK\$47 million (2006: HK\$30 million). Turnover and profit attributable to equity holders of the Company amounted to HK\$198 million (2006: HK\$87 million) and HK\$41 million (2006: HK\$24 million) respectively. Earnings per share increased 68% to HK3.2 cents (2006: HK1.9 cents).

For the six months ended 30<sup>th</sup> September, 2007, The Stock Exchange of Hong Kong Limited equity market turnover rose by 219% when compare with last year corresponding year. Benefited from such bullish market environment, profit of the Group increased significantly from various business divisions especially securities brokerage. Profit from normal operation increased around 21% from HK\$24 million to HK\$29 million. Apart from the normal income, the Group disposed an investment in a piece of land located in Macau which generated HK\$12 million profit to the Group.

The board is pleased to announce that the Group had been awarded one of the Hong Kong Outstanding Enterprises of 2007 by the Hong Kong Economic Digest this year.

#### **Securities and Commodities Brokerage**

Profit and turnover from this sector are in the same line with the buoyant stock market condition. Profit had significantly increased over 200% to HK\$13 million (2006: HK\$4 million). Turnover also increased to HK\$22 million (2006: HK\$11 million).

#### **Financing**

Turnover within the money lending business and margin financing activities decreased by 12% to HK\$24 million (2006: HK\$28 million). The decrease is mainly due to the tightened financing policy and the risk assessment control taken by the Group against the loan portfolio. The vigorous ups and downs in the stock market during the period implied a higher market risk. The management has kept constant vigilance to monitor the quality of loan to reduce our credit risk exposure.

#### **Corporate Finance**

This sector recorded a turnover and profit of HK\$360,000 and HK\$357,000 respectively. 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.

#### **Property Investment**

For the six months ended 30<sup>th</sup> September, 2007, the rental income amounted to HK\$2.5 million (2006: HK\$1.8 million), represented a 44% increase. The increase in rental income was mainly due to the tenants re-organization plan adopted by the management. The new tenants enhanced the property image and increase our income at the same time.

#### **Precious Metal Trading**

During the period, silver trading has commenced. 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 The Standard Bank, Wing Hang Bank, Bank of China and HSBC etc. This segment recorded a turnover and profit of HK\$146 million and HK\$163,000 respectively.

**Prospect**

The tenants re-organization policy, loan portfolio tightening policy and the risk assessment policy adopted by the management proved to be successful. The diversification of business of the Group not only provide a balance growth in our performance but also mitigated our risk exposure. It is expected financial sector will continue being benefit from the robust stock market while the property sector offer a potentially spectacular growth in the future.

The management will continue to focus on potential investment which will bring exciting growth to the Group. Furthermore, the management will consider expansion of existing business by way of acquisition or joint venture.

**FINANCIAL REVIEW****Liquidity and Financial Resources**

As at 30<sup>th</sup> September, 2007, the Group had cash and bank balances of approximately HK\$166 million (31<sup>st</sup> March, 2007: HK\$140 million) of which approximately HK\$106 million (31<sup>st</sup> March, 2007: HK\$70 million) were pledged to bank for facilities granted to the Group. The Company has given guarantees to the extent of HK\$338 million (31<sup>st</sup> March, 2007: HK\$368 million) to secure the general banking facilities granted to subsidiaries.

As at 30<sup>th</sup> September, 2007, the Group had available aggregate banking facilities of approximately HK\$348 million (31<sup>st</sup> March, 2007: HK\$378 million) of which approximately HK\$143 million (31<sup>st</sup> March, 2007: HK\$212 million) was not utilised.

**Gearing Ratio**

As at 30<sup>th</sup> September, 2007, the amount of total borrowings was approximately HK\$239 million (31<sup>st</sup> March, 2007: HK\$493 million). The gearing (net interest bearing debts) being equal to approximately 30.88% (31<sup>st</sup> March, 2007: 47.16%) of the net assets of approximately HK\$774 million (31<sup>st</sup> March, 2007: HK\$774 million).

**FOREIGN CURRENCY FLUCTUATION**

During the period, 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 six months ended 30<sup>th</sup> September, 2007.

**EMPLOYMENT**

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

**SHARE OPTION**

The Company does not have any share option scheme.

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

For the six months ended 30<sup>th</sup> September, 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 period.

**AUDIT COMMITTEE**

The audit committee of the Group consists of three independent non-executive directors, namely Mr. Chan Chung Yee, Alan, 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 six months ended 30<sup>th</sup> September, 2007.

## **REMUNERATION COMMITTEE**

The Remuneration Committee comprised of independent non-executive directors, Mr. Chan Chung Yee, Alan, 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 six months ended 30<sup>th</sup> September, 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 10<sup>th</sup> December, 2007. The interim report for the six months ended 30<sup>th</sup> September, 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, 10<sup>th</sup> December, 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 as non-executive director, 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. Chan Chung Yee, Alan, Mr. Pang Cheung Hing, Alex and Mr. Fuk Ho Kai as independent non-executive directors.*