



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 30TH SEPTEMBER, 2009

RESULTS

The Board of Directors (the “Board”) of Upbest Group Limited (the “Company”) is pleased to present the unaudited interim consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30th September 2009 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		For the six months ended 30 th September	
	Note	2009 (unaudited) HK\$'000	2008 (unaudited) HK\$'000
Turnover	3	151,798	207,056
Cost of goods sold		(117,462)	(175,508)
Other revenue		233	53
Net loss on financial assets or liabilities at fair value through profit or loss		(3)	-
Impairment loss on goodwill on acquisition of a subsidiary		-	(92)
Bad debts recovered		167	4,145
Write-back of provision for doubtful debts		854	-
Administrative and other operating expenses		(14,219)	(13,038)
Finance costs	4	(404)	(1,120)
Share of results of associates		(1)	(470)
Profit before taxation	5	20,963	21,026
Income tax expense	7	(2,743)	(2,867)
Profit for the period		18,220	18,159
Attributable to:			
Equity holders of the Company		18,137	17,949
Minority interests		83	210
		18,220	18,159
Interim dividends		Nil	Nil
Earnings per share	6	HK cents	HK cents
Basic		1.4	1.4
Diluted		N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	For the six months ended 30 th September	
		2009 (unaudited) HK\$'000	2008 (unaudited) HK\$'000
Profit for the period		18,220	18,159
Other Comprehensive income		-	-
Total Comprehensive income		<u>18,220</u>	<u>18,159</u>
Total Comprehensive income attributable to:			
Equity holders of the Company		18,137	17,949
Minority interests		<u>83</u>	<u>210</u>
		<u>18,220</u>	<u>18,159</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30 th September, 2009 (unaudited) HK\$'000	31 st March, 2009 (audited) HK\$'000
ASSETS AND LIABILITIES			
NON-CURRENT ASSETS			
Property, plant and equipment		2,352	2,242
Investment properties		556,055	556,000
Intangible assets		2,040	2,040
Interests in associates		65,388	65,340
Available-for-sale financial assets		136	136
Loan receivables		-	61
Trade and other receivables, deposits and prepayments	8	23,960	33,093
Other assets		5,508	5,200
		<u>655,439</u>	<u>664,112</u>
CURRENT ASSETS			
Properties held for development		133,457	133,457
Inventories		634	9,667
Loan receivables		164	175
Trade and other receivables, deposits and prepayments	8	295,670	189,392
Amounts due from related companies		7,093	3,943
Financial assets at fair value through profit or loss		7,037	2,522
Tax recoverable		200	165
Bank balances and cash	9	167,139	155,142
		<u>611,394</u>	<u>494,463</u>
CURRENT LIABILITIES			
Borrowings	10	68,771	8,356
Financial liabilities at fair value through profit or loss		-	2,878
Amounts due to related parties		18,227	25,965
Creditors and accrued expenses	11	92,627	50,450
Dividend payable		46,941	-
Provision for litigation claims	12	1,688	5,000
Provision for taxation		2,325	951
		<u>230,579</u>	<u>93,600</u>
NET CURRENT ASSETS		<u>380,815</u>	<u>400,863</u>
NET ASSETS		<u>1,036,254</u>	<u>1,064,975</u>
CAPITAL AND RESERVES			
Share capital		13,412	13,412
Reserves		967,428	949,291
Proposed dividends		-	46,941
Equity attributable to equity holders of the Company		<u>980,840</u>	<u>1,009,644</u>
Minority interests		55,414	55,331
TOTAL EQUITY		<u>1,036,254</u>	<u>1,064,975</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.

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 unaudited condensed consolidated interim 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 (“HKICPA”).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed consolidated interim 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 31st March, 2009.

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31st March, 2009.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments or interpretations, (“new and revised HKFRSs”) issued by the HKICPA which are or have effective for the Group’s financial year beginning on 1st April, 2009.

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) – Int 9 and HKAS 39 (Amendments)	Embedded derivatives
HK(IFRIC) – Int 13	Customer loyalty programmes
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

HK(IFRIC) – Int 16	Hedges of a net investment in a foreign operation
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning or after 1 st July, 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

HKFRS 8 – Operating Segments

HKFRS 8 is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor standard, HKAS 14 Segment Reporting, required the identification of two sets of segments (business and geographical) using a risks and returns approach. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14.

HKAS 1 (Revised) – Presentation of Financial Statements

HKAS 1 (Revised) has introduced a number of terminology changes (including revised titles for the condensed consolidated financial statements) and has resulted in a number of changes in presentation and disclosure. However, HKAS 1 (Revised) has had no impact on the reported results or financial position of the Group.

The audit committee has reviewed the unaudited interim consolidated financial statements.

The Directors anticipate that the application of these new and revised standards and interpretation will have no material impact on the results and the financial position of the Group.

3. TURNOVER AND SEGMENT INFORMATION

a) Turnover

	For the six months ended	
	30th September	
	2009	2008
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Commission and brokerage income from securities broking	12,619	8,652
Commission and brokerage income from futures broking	482	1,358
Interest income from		
– margin clients	2,922	4,738
– money lending	6,882	6,198
– financial institutions and others	1,620	2,885
Management and handling fees	893	605
Placing and underwriting commission	1,804	-
Commission for subscribing new shares	16	3
Corporate finance advisory fees	250	100
Investment management fee	792	1,280
Rental income	3,831	3,051
Sales of precious metal	119,687	178,186
	151,798	207,056

3. TURNOVER AND SEGMENT INFORMATION (CONTINUED)

b) 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 investment

An analysis of segment information of the Group on these businesses for the six months ended 30th September, 2009 and 2008 is as follows:

	For the six months ended 30 th September		Consolidated For the six months ended 30 th September	
	2009 (unaudited) HK\$'000	2008 (unaudited) HK\$'000	2009 (unaudited) HK\$'000	2008 (unaudited) HK\$'000
Segment revenue				
Sales to external customers				
Broking	13,994	10,616		
Financing	11,419	13,570		
Corporate finance	2,070	103		
Assets management	792	1,280		
Property investment	3,836	3,039		
Precious metal trading	119,687	178,448		
Investment holding	-	-	151,798	207,056
Segment results				
Broking	4,786	2,891		
Financing	9,921	11,176		
Corporate finance	1,962	99		
Assets management	675	774		
Property investment	1,972	1,397		
Precious metal trading	394	1,054		
Investment holding	-	-	19,710	17,391
Impairment loss on goodwill on acquisition of a subsidiary			-	(92)
Bad debts recovered			167	4,145
Write-back of provision for doubtful debts			854	-
Other income			233	52
Share of results of associates			(1)	(470)
Profit before taxation			20,963	21,026
Income tax expenses			(2,743)	(2,867)
Profit for the period			18,220	18,159

3. TURNOVER AND SEGMENT INFORMATION (CONTINUED)

c) 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	
	For the six months ended 30 th September		30 th September	31 st March	For the six months ended 30 th September	
	2009	2008	2009	2009	2009	2008
	(unaudited)	(unaudited)	(unaudited)	(audited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	147,967	204,029	517,517	405,753	376	704
Macau	3,831	3,027	749,316	752,822	55	-
	<u>151,798</u>	<u>207,056</u>	<u>1,266,833</u>	<u>1,158,575</u>	<u>431</u>	<u>704</u>

4. FINANCE COSTS

	The Group	
	For the six months ended 30 th September	
	2009	2008
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Interest on bank loans and overdrafts	35	686
Interest on other loans	369	434
	<u>404</u>	<u>1,120</u>

5. PROFIT BEFORE TAXATION

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

	The Group	
	For the six months ended 30 th September	
	2009	2008
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Staff costs	7,744	7,558
Depreciation	266	310
Provision for doubtful debts	-	-
Operating leases rentals in respect of rented premises	<u>1,028</u>	<u>806</u>
Crediting:		
Rental income from operating leases less outgoings		
(Gross rental income: HK\$3,830,572 (2008: HK\$3,050,691))	<u>2,555</u>	<u>1,787</u>

6. BASIC 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 30th September, 2009 of approximately HK\$18,137,000 (2008: HK\$17,949,000) and the weighted average number of 1,341,158,379 shares (2008: 1,283,119,415 shares) in issue during the period.

There is no diluted earnings per share for the period ended 30th September, 2009 and 2008 presented since the Company has no dilutive potential ordinary shares.

7. INCOME TAX EXPENSES

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

	The Group	
	For the six months ended	
	30th September	
	2009	2008
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Hong Kong profits tax		
- provision for the period	2,718	2,848
Overseas tax paid	25	19
	<u>2,743</u>	<u>2,867</u>

- b) i) Provision for Hong Kong profits tax has been made at the rate of 16.5% (2008: 16.5%).
- ii) No provision for overseas taxation has been made as the amount is insignificant.
- iii) At 30th September, 2009, the Group had unutilised tax losses of approximately HK\$95,566,000 (31st March, 2009: HK\$95,566,000) available for offsetting against future taxable profits. However, no deferred tax asset has been recognized due to the unpredictability of future taxable profits. The tax losses may be carried forward indefinitely.

8. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group	
	30th September	31st March
	2009	2009
	(unaudited)	(audited)
	HK\$'000	HK\$'000
Amounts receivable arising from the ordinary course of business of dealing in securities and options:		
- Cash clients	46,485	29,210
- The SEHK Options Clearing House Limited	2	2
- Hong Kong Securities Clearing Company Limited	3,444	-
Accounts receivable from tenants	26	8
Amounts receivable arising from the ordinary course of business of dealing in futures contracts:		
- Clearing house	7,280	1,224
Amounts receivable arising from the ordinary course of business of provision of securities margin financing:		
- Clients	126,118	69,316
Amounts receivable arising from the ordinary course of business dealing in trading of precious metal:		
- Clients	14,829	2,942
Interest bearing loans receivable	196,705	196,298
Other receivables	1,279	1,430
	396,168	300,430
Less: Provision for doubtful debts	(85,159)	(86,464)
	311,009	213,966
Deposits and prepayments	8,621	8,519
	319,630	222,485
Portion classified as non-current assets	(23,960)	(33,093)
Portion classified as current assets	295,670	189,392

Margin client receivables of approximately HK\$113,594,000 (31st March, 2009: HK\$56,738,000) 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\$228,244,000 (31st March, 2009: HK\$124,793,000).

The settlement terms of cash client receivables and amounts due from clearing houses are one or two days after the trade date.

The aged analysis of trade and other receivables (net of provision for doubtful debts) is as follows:

	30th September	31st March
	2009	2009
	(unaudited)	(audited)
	HK\$'000	HK\$'000
Neither past due nor impaired	286,320	201,745
Past due:		
Less than 1 month past due	18,109	5,209
1 to 3 months past due	1,182	702
3 months to 1 year past due	3,146	4,367
Over 1 year past due	2,252	1,943
	24,689	12,221
	311,009	213,966

9. BANK BALANCES AND CASH

	The Group	
	30th September 2009 (unaudited) HK\$'000	31st March 2009 (audited) HK\$'000
Cash at bank		
- General accounts	51,118	49,789
- Trust accounts	23,148	10,728
- Segregated accounts	5,237	4,457
Cash in hand	5	5
Short-term bank deposits		
- Pledged (<i>Note</i>)	52,076	66,008
- Non-pledged	35,555	24,155
	<u>167,139</u>	<u>155,142</u>

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

10. BORROWINGS

	The Group	
	30th September 2009 (unaudited) HK\$'000	31st March 2009 (audited) HK\$'000
Borrowings comprise:		
Bank overdrafts	-	-
Bank loan - Initial Public Offer	61,406	-
Other loans - interest bearing	7,365	8,356
	<u>68,771</u>	<u>8,356</u>
Analysed as:		
Secured	68,771	8,356
Unsecured	-	-
	<u>68,771</u>	<u>8,356</u>
Borrowings are repayable as follows:		
Within one year or on demand	68,771	8,356
More than one year but not exceeding two years	-	-
	<u>68,771</u>	<u>8,356</u>
Less: Amount repayable within one year and shown under current liabilities	<u>68,771</u>	<u>8,356</u>
Amount due after one year	-	-

11. CREDITORS AND ACCRUED EXPENSES

	The Group	
	30th September 2009 (unaudited) HK\$'000	31st March 2009 (audited) HK\$'000
Amounts payable arising from the ordinary course of business of dealing in securities and options:		
- Cash clients	40,220	21,025
- Hong Kong Securities Clearing Company Limited	-	810
- Other intermediaries	-	1,945
Amounts payable arising from the ordinary course of business of dealing in securities futures contracts:		
- Clients	12,086	5,254
Amounts payable arising from the ordinary course of business of provision of securities margin financing:		
- Clients	14,927	8,277
Amounts payable arising from ordinary course of business of dealing in bullion	10,172	285
Escrow money received	3,286	3,286
Accruals and other payables	9,140	7,579
Rental and other deposits received	2,467	1,780
Rental receipts in advance	329	209
	<u>92,627</u>	<u>50,450</u>

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 30th September, 2009 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.

12. PROVISION FOR LITIGATION CLAIMS

During the year ended 31st March, 2008, the liquidator of the former parent company of a subsidiary of the Group had filed a claim for alleged breach of trust by the subsidiary. Pursuant to the settlement agreement signed between the liquidator and the subsidiary dated 22nd May, 2009, the claim has been settled at HK\$4,500,000 out of court without admission of any liability. The settlement amount was fully provided in the consolidated financial statements as at 31st March, 2009. HK\$1,688,000 represents the remaining balance to be paid within this financial year.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend in respect of the six months ended 30th September, 2009 (2008: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group faced many challenges during the six months period ended 30th September, 2009. The global economy was significantly impacted by the financial tsunami which swept across the world a year ago. Nevertheless, the Group managed to achieve a profit attributable to the Company's equity holders of HK\$18.1 million (2008: HK\$17.9 million). The Group's profit before taxation was HK\$20.9 million (2008: HK\$21.0 million) and earnings per share was HK1.4 cents (2008: HK1.4 cents).

Our financial position remained liquid and healthy. No external funding was required in the operations of our securities margin financing business except for short periods during substantial initial public offerings ("IPO") that were in high demand by our clients. As the Group had sufficient financial resources, there was no need to pledge any clients' securities for securities margin financing facilities.

Financing

Turnover within the money lending business and securities margin financing business reduced slightly from HK\$13.6 million in 2008 to HK\$11.4 million for the period under review mainly due to the continuously low prime rate. Amounts receivable arising from securities margin financing as at the period end increased from HK\$69.3 million to HK\$126.1 million. Of the HK\$126.1 million, HK\$54.3 was in relation to an IPO activity. For the six months ended 30th September, 2009, the Group's gearing was 6.6%, (2008: 0.8%). This higher gearing ratio was a direct result of an increase in borrowings attributable to the Group's IPO margin financing business. Without this contributing factor, the Group's gearing ratio would only be 0.7%.

Securities and Commodities Brokerage

Turnover and profit attributable to the Group from this segment have improved significantly. Turnover increased 31.8% to HK\$14.0 million. Corresponding profit attributable to the Group increased 65.5% to HK\$4.8 million from HK\$2.9 million in 2008. During 2009, our Group successfully launched internet trading, believe that this alternative platform will expand the Group's reach in the future.

Corporate Finance

During the period under review, the division reported a substantial increase in turnover and profit attributable to the Group, albeit from a low base. Turnover increased over 19 times to HK\$2.0 million when compared with last year's corresponding period of HK\$0.1 million. As a result, profit attributable to the Group from this division increased from HK\$0.1 million to HK\$2.0 million.

Assets Management

The Group continued to act as the investment manager of a company listed on the Main Board of the Stock Exchange under Chapter 21 (Investment Companies) of the Listing Rules. Since the year 2008, a performance mechanism was adopted with the mentioned client. Under this arrangement, the performance fee will increase or decrease in accordance with the client's portfolio performance. For the period under review, the division's turnover and profit contribution to the Group was HK\$792,000 and HK\$675,000 respectively.

Property Investments

For the six months ended 30th September, 2009, turnover from this division increased by 26% to HK\$3.8 million. Profit attributable to the Group increased by 41% to HK\$2.0 million. Chino Plaza (the "Plaza") located in Macau contributes approximately 90% of the Group's rental income. The Group has secured the tenancy of a well-known convenience store which could further enhance the Plaza's brand image.

Precious Metal Trading

The Group commenced precious metal business through a 75% owned subsidiary. This subsidiary provides a one-stop precious metal service, which includes physical trading, industrial product trading and financing. As a result of increasing precious metal prices, this segment recorded a turnover of HK\$119,687,000 (2008:HK\$178,448,000). For the period under review, this segment's profit decreased from HK\$1,054,000 to HK\$394,000.

Prospect

The securities brokerage and corporate finance divisions have both benefitted from the moderate recovery in fund raising activities, IPOs and secondary market share placements. The Group will continue to remain an active participant in these segments of the market, undertaking placements or sub-underwriting transactions.

The Group will continue to leverage the internet trading platform as part of its client expansion strategy. The Group adheres to a conservative approach to the financing sector which includes securities margin financing and personal financing businesses. Under current market conditions, the Group has reduced exposure to clients' credit. As part of the Group's investment strategy, it will continue to identify and evaluate potential opportunities which offer attractive and stable return.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 30th September 2009, the Group had cash and bank balances of approximately HK\$167 million (31st March, 2009: HK\$155 million) of which approximately HK\$52million (31st March, 2009: HK\$66 million) were pledged to bank for facilities granted to the Group. The Company has given guarantees to the extent of HK\$313 million (31st March, 2009: HK\$313million) to secure the general banking facilities granted to subsidiaries.

As at 30th September 2009, the Group had available aggregate banking facilities of approximately HK\$313 million (31st March, 2009: HK\$313 million) of which approximately HK\$293 million (31st March, 2009: HK\$293 million) was not utilised.

Gearing Ratio

As at 30th September 2009, the amount of total borrowings was approximately HK\$69 million (31st March, 2009: HK\$ 8 million). The gearing being equal to approximately 6.6 % (31st March, 2009: 0.8 %) of the net assets of approximately HK\$1,036 million (31st March, 2009: HK\$1,065 million).

FOREIGN CURRENCY FLUCTUATION

During the period, the Group mainly uses Hong Kong dollars, Macau Pataca 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 30th September, 2009.

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 30th September 2009, 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. Pang Cheung Hing, Alex, Mr. Chan Chung Yee, Alan 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 30th September, 2009.

REMUNERATION COMMITTEE

The Remuneration Committee comprised of independent non-executive directors, Mr. Pang Cheung Hing, Alex, Mr. Chan Chung Yee, Alan, 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 30th September 2009, 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) and the Company (www.upbest.com) on 14th December, 2009. The interim report for the six months ended 30th September, 2009 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
IP Man Tin, David
Chairman

Hong Kong, 14th December, 2009

** For identification purpose only*

As at the date of this announcement, the Board of the Company consists of IP Man Tin, David as chairman and non-executive director, Mr. WONG Ching Hung, Thomas and Dr. SZE Ping Fat as non-executive directors, 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. PANG Cheung Hing, Alex, Mr. CHAN Chung Yee, Alan and Mr. FUK Ho Kai as independent non-executive directors.