



# 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, 2010

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>2010</b> <b>HK\$'000</b>	<b>2009</b> <b>HK\$'000</b>
<b>Net assets</b>	<b>1,113,373</b>	1,064,975
<b>Turnover</b>	<b>395,695</b>	420,481
<b>Net profit</b>	<b>95,339</b>	119,011
<b>Proposed final dividend per share</b>	<b>HK2.0 cents</b>	HK2.0 cents
<b>Proposed special dividend per share</b>	<b>NIL</b>	HK1.5 cents
<b>Earnings per share</b>	<b>HK7.1 cents</b>	HK9.0 cents

## 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, 2010 with comparative figures for the preceding financial year as follows:

### CONSOLIDATED INCOME STATEMENT

		<b>For the year ended 31<sup>st</sup> March</b>	
	<b>Note</b>	<b>2010</b>	<b>2009</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Turnover</b>	5	<b>395,695</b>	420,481
<b>Cost of goods sold</b>		<b>(311,039)</b>	(354,915)
<b>Other revenue</b>		<b>387</b>	503
<b>Increase in fair value of investment properties</b>	11	<b>58,945</b>	86,411
<b>Net gain on financial assets or liabilities at fair value through profit or loss</b>		<b>90</b>	615
<b>Impairment loss on goodwill on acquisition of a subsidiary</b>		<b>-</b>	(92)
<b>(Provision)/write-back of provision for impairment of trade receivables (net)</b>		<b>(1,750)</b>	4,230
<b>Bad debts recovered (net)</b>		<b>167</b>	137
<b>Provision for litigation claims</b>		<b>-</b>	(5,000)
<b>Administrative and other operating expenses</b>		<b>(40,144)</b>	(26,755)
<b>Finance costs</b>	6	<b>(1,021)</b>	(1,567)
<b>Share of results of associates</b>		<b>(34)</b>	(34)
<b>Profit before taxation</b>	7	<b>101,296</b>	124,014
<b>Income tax expense</b>	9	<b>(5,957)</b>	(5,003)
<b>Profit for the year</b>		<b>95,339</b>	119,011
Attributable to:			
Equity holders of the Company		<b>95,291</b>	118,280
Minority interests		<b>48</b>	731
		<b>95,339</b>	119,011
<b>Earnings per share</b>		<b>HK cents</b>	<b>HK cents</b>
Basic	8	<b>7.1</b>	9.0
Diluted		<b>N/A</b>	N/A
<b>Dividends</b>	10	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>26,823</b>	46,941

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<b>For the year ended 31<sup>st</sup> March</b>	
	<b>2010</b>	<b>2009</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Profit for the year</b>	<b>95,339</b>	119,011
<b>Other comprehensive income</b>	<u><b>-</b></u>	<u><b>-</b></u>
<b>Total comprehensive income for the year</b>	<u><u><b>95,339</b></u></u>	<u><u>119,011</u></u>
Attributable to:		
Equity holders of the company	<b>95,291</b>	118,280
Minority interests	<u><b>48</b></u>	<u>731</u>
	<u><u><b>95,339</b></u></u>	<u><u>119,011</u></u>

# **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

		<b>As at 31<sup>st</sup> March</b>	
	<b>Note</b>	<b>2010</b>	<b>2009</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>2,130</b>	2,242
Investment properties	11	<b>615,000</b>	556,000
Intangible assets		<b>2,040</b>	2,040
Interests in associates		<b>65,351</b>	65,340
Available-for-sale financial assets		<b>136</b>	136
Loan receivables		-	61
Trade and other receivables, deposits and prepayments	12	<b>29,969</b>	33,093
Other assets		<b>5,200</b>	5,200
		<b>719,826</b>	664,112
<b>CURRENT ASSETS</b>			
Properties held for development		<b>135,475</b>	133,457
Inventories		<b>7,521</b>	9,667
Loan receivables		<b>61</b>	175
Trade and other receivables, deposits and prepayments	12	<b>232,772</b>	189,392
Amount due from a related company		<b>5,035</b>	3,943
Financial assets at fair value through profit or loss		<b>9,014</b>	2,522
Tax recoverable		<b>220</b>	165
Bank balances and cash	13	<b>205,268</b>	155,142
		<b>595,366</b>	494,463
<b>CURRENT LIABILITIES</b>			
Borrowings	14	<b>19,499</b>	8,356
Amounts due to related parties		<b>15,988</b>	25,965
Amounts due to ultimate holding company		<b>31,114</b>	-
Financial liabilities at fair value through profit or loss		-	2,878
Creditors and accrued expenses	15	<b>132,349</b>	50,450
Provision for litigation claims		-	5,000
Provision for taxation		<b>2,869</b>	951
		<b>201,819</b>	93,600
<b>NET CURRENT ASSETS</b>		<b>393,547</b>	400,863
<b>NET ASSETS</b>		<b>1,113,373</b>	1,064,975
<b>CAPITAL AND RESERVES</b>			
Share capital		<b>13,412</b>	13,412
Reserves		<b>1,017,759</b>	949,291
Proposed dividends	10	<b>26,823</b>	46,941
Equity attributable to equity holders of the Company		<b>1,057,994</b>	1,009,644
Minority interests		<b>55,379</b>	55,331
<b>TOTAL EQUITY</b>		<b>1,113,373</b>	1,064,975

## **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 2<sup>nd</sup> Floor, Wah Kit Commercial Centre, 302 Des Voeux Road Central, Hong Kong.

As at the date of this announcement, CCAA Group Limited held direct interests in 987,720,748 shares, representing approximately 73.65%, 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. BASIS OF PREPARATION**

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The financial statements have been prepared under the historical cost convention except that the investment properties and financial assets or liabilities at fair value through profit or loss are stated at fair value.

Basis of consolidation:

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All significant intercompany transactions and balances within the Group have been eliminated on consolidation.

### 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 First Time Adoption of HKFRS and HKAS 27 Consolidated and Separate Financial Statements - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 7 Amendments	Amendments to HKFRS 7 Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 18 Amendments*	Amendments of Appendix to HKAS 18 Revenue – Determining whether an entity is acting as a principal or as an agent
HKAS 23 (Revised)	Borrowing Costs
HK(IFRIC) – Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC)-Int 9 Reassessment of Embedded Derivatives and HKAS 39 Financial Instruments: Recognition and Measurement – Embedded Derivatives
Improvements to HKFRSs (October 2008) **	Amendments to a number of HKFRSs

\* Included in Improvements to HKFRSs 2009 (as issued in May 2009).

\*\* The Group adopted all the improvements to HKFRSs issued in October 2008 except for the amendments to HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary, which is effective for annual periods beginning on or after 1<sup>st</sup> July, 2009.

Other than as further explained below regarding the impact of the HKFRS 7 Amendments, HKFRS 8 and HKAS 1 (Revised), the adoption of these new and revised HKFRSs has had no significant financial effect on these financial statements and there have been no significant changes to the accounting policies applied in these financial statements.

The principal effects of adopting these new and revised HKFRSs are as follows:

- (a) Amendments to HKFRS 7 Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments

The HKFRS 7 Amendments require additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by sources of inputs using a three-level fair value hierarchy, by class, for all financial instruments recognised at fair value. In addition, a reconciliation between the beginning and ending balance is now required for level 3 fair value measurements, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management.

- (b) HKFRS 8 Operating Segments

HKFRS 8, which replaces HKAS 14 Segment Reporting, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and

### 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONT'D)

revenue from the Group's major customers. The Group concluded that the operating segments determined in accordance with HKFRS 8 are the same as the business segments previously identified under HKAS 14. Accordingly, the adoption of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the reportable segments determined in accordance with HKAS 14 and any change in the basis of measurement of segment profit or loss.

#### (c) HKAS 1 (Revised) Presentation of Financial Statements

HKAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, this standard introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present two statements. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented. Accordingly, the comparative figures have not been restated.

### 4. ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards <sup>1</sup>
HKFRS 1 Amendments	Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters <sup>2</sup>
HKFRS 2 Amendments	Amendments to HKFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions <sup>2</sup>
HKFRS 3 (Revised)	Business Combinations <sup>1</sup>
HKFRS 9	Financial Instruments <sup>6</sup>
HKAS 24 (Revised)	Related Party Disclosures <sup>5</sup>
HKAS 27 (Revised)	Consolidated and Separate Financial Statements <sup>1</sup>
HKAS 32 Amendment	Amendment to HKAS 32 Financial Instruments: Presentation – Classification of Rights Issues <sup>3</sup>
HKAS 39 Amendment	Amendment to HKAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items <sup>1</sup>
HK(IFRIC)-Int 14 Amendments	Amendment to HK(IFRIC)-Int 14 Prepayments of a Minimum Funding Requirement <sup>5</sup>
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners <sup>1</sup>
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments <sup>4</sup>
Amendments to HKFRS 5 included in Improvements to HKFRSs issued in October 2008	Amendments to HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations – Plan to Sell the Controlling Interest in a Subsidiary <sup>1</sup>

#### **4. ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (CONT'D)**

HK Interpretation 4  
(Revised in December  
(2009))

Leases – Determination of the Length of Lease Term in  
respect of Hong Kong Land Leases<sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1<sup>st</sup> July, 2009

<sup>2</sup> Effective for annual periods beginning on or after 1<sup>st</sup> January, 2010

<sup>3</sup> Effective for annual periods beginning on or after 1<sup>st</sup> February, 2010

<sup>4</sup> Effective for annual periods beginning on or after 1<sup>st</sup> July, 2010

<sup>5</sup> Effective for annual periods beginning on or after 1<sup>st</sup> January, 2011

<sup>6</sup> Effective for annual periods beginning on or after 1<sup>st</sup> January, 2013

Apart from the above, the HKICPA has issued Improvements to HKFRSs 2009 which sets out amendments to a number of HKFRSs primarily with a review to removing inconsistencies and clarifying wording. The amendments to HKFRS 2, HKAS 38, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16 are effective for annual periods beginning on or after 1<sup>st</sup> July, 2009 while the amendments to HKFRS 5, HKFRS 8, HKAS 1, HKAS 7, HKAS 17, HKAS 36 and HKAS 39 are effective for annual periods beginning on or after 1<sup>st</sup> January, 2010 although there are separate transitional provisions for each standard or interpretation.

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers that these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.



## 5. TURNOVER AND OPERATING SEGMENT INFORMATION

### a) Reportable operating segments

For management purposes, the Group is currently organised into business units based on their products and services and has seven reportable operating segments namely broking, financing, corporate finance, assets management, property investment, precious metal trading and investment holding.

Reportable operating segments 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 reportable operating segments for the years ended 31<sup>st</sup> March, 2010 and 31<sup>st</sup> March, 2009 is as follows:

	<b>Consolidated</b>	
	<b>2010</b>	<b>2009</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Segment revenue</b>		
Broking	<b>25,812</b>	18,942
Financing	<b>22,023</b>	25,540
Corporate finance	<b>17,204</b>	877
Assets management	<b>6,665</b>	6,401
Property investment	<b>8,311</b>	6,739
Precious metal trading	<b>315,680</b>	361,982
Investment holding	<b>-</b>	-
	<b><u>395,695</u></b>	<b><u>420,481</u></b>

## 5. TURNOVER AND OPERATING SEGMENT INFORMATION (CONT'D)

### a) Reportable operating segments (cont'd)

	Consolidated	
	2010 HK\$'000	2009 HK\$'000
<b>Segment results</b>		
Broking	7,728	2,998
Financing	17,992	16,084
Corporate finance	5,320	702
Assets management	6,248	5,685
Property investment	5,893	4,461
Precious metal trading	400	2,930
Investment holding	-	-
	<b>43,581</b>	<b>32,860</b>
Increase in fair value of investment properties	58,945	86,411
Impairment loss on goodwill on acquisition of a subsidiary	-	(92)
Bad debts written off	-	(7)
(Provision)/write-back of provision for impairment of trade receivables (net)	(1,750)	4,230
Bad debts recovered	167	143
Other revenue	387	503
Share of results of associates	(34)	(34)
Profit before taxation	<b>101,296</b>	<b>124,014</b>
Income tax expense	(5,957)	(5,003)
Profit for the year	<b>95,339</b>	<b>119,011</b>

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of profit before tax.

### b) Geographical information

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 revenue from external customers by geographical market and analysis of non-current assets by the geographical location in which assets are located other than available-for-sale financial assets, loan receivables, trade and other receivables, deposits and prepayments and other assets.

	Revenue from External customers		Non-current assets	
	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
Hong Kong	387,384	413,742	3,406	3,500
Macau	8,311	6,739	627,537	568,589
	<b>395,695</b>	<b>420,481</b>	<b>630,943</b>	<b>572,089</b>

## 5. TURNOVER AND OPERATING SEGMENT INFORMATION (CONT'D)

### c) Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	<b><u>2010</u></b> <b>HK\$'000</b>	<b><u>2009</u></b> <b>HK\$'000</b>
Customer A <sup>1</sup>	N/A <sup>2</sup>	176,374
Customer B <sup>1</sup>	<b>87,815</b>	N/A <sup>2</sup>
Customer C <sup>1</sup>	<b>54,457</b>	57,496
Customer D <sup>1</sup>	<b>46,951</b>	N/A <sup>2</sup>
	<b><u>189,223</u></b>	<b><u>233,870</u></b>

Notes:

<sup>1</sup> Revenue from the above customers were generated from precious metal trading segment.

<sup>2</sup> The corresponding revenue did not contribute over 10% of the total revenue of the Group.

## 6. FINANCE COSTS

	<b><u>2010</u></b> <b>HK\$'000</b>	<b><u>2009</u></b> <b>HK\$'000</b>
Interest on bank loans and overdrafts	<b>88</b>	773
Interest on other loans	<b>933</b>	794
	<b><u>1,021</u></b>	<b><u>1,567</u></b>

## 7. PROFIT BEFORE TAXATION

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

	<b><u>2010</u></b> <b>HK\$'000</b>	<b><u>2009</u></b> <b>HK\$'000</b>
Charging:		
Auditors' remuneration		
- current year	<b>420</b>	397
- prior year	<b>15</b>	41
	<b><u>435</u></b>	<b><u>438</u></b>
Staff costs		
- salaries, bonuses and other benefits	<b>20,174</b>	15,153
- contributions to retirement schemes	<b>419</b>	384
	<b><u>20,593</u></b>	<b><u>15,537</u></b>
Depreciation	<b>543</b>	630
Bad debts written off	-	7
Operating leases rentals in respect of rented premises	<b><u>2,230</u></b>	<b><u>1,731</u></b>
Crediting:		
Rental income from operating leases less outgoings (Gross rental income: HK\$8,311,322 (2009: HK\$6,782,584))	<b><u>8,055</u></b>	<b><u>6,474</u></b>

## 8. 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\$95,291,000 (2009: HK\$118,280,000) and the weighted average number of 1,341,158,379 (2009: 1,310,511,853) ordinary shares in issue during the year.

There is no diluted earnings per share for the years ended 31<sup>st</sup> March, 2010 and 31<sup>st</sup> March, 2009 presented since the Company has no dilutive potential ordinary shares.

## 9. INCOME TAX EXPENSE

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

	<b>The Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Hong Kong profits tax		
- current year	<b>5,957</b>	<b>5,003</b>

- b) i) Provision for Hong Kong profits tax has been made at the rate of 16.5% (2009: 16.5%).

- 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 before taxation per the consolidated income statement as follows:

	<b>The Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Profit before taxation	<b>101,296</b>	<b>124,014</b>
Tax at the statutory income tax rate of 16.5% (2009: 16.5%)	<b>16,714</b>	<b>20,462</b>
Tax effect of increase in fair value of investment properties	<b>(9,726)</b>	<b>(14,258)</b>
Tax effect of other non-taxable revenue	<b>(1,997)</b>	<b>(1,870)</b>
Tax effect of other non-deductible expenses	<b>1,008</b>	<b>1,067</b>
Tax effect of unrecognised temporary difference	<b>361</b>	<b>94</b>
Tax effect of tax losses not recognized	<b>106</b>	<b>17</b>
Utilisation of tax losses previously not recognised	<b>(580)</b>	<b>(397)</b>
Over-provision in prior year	<b>-</b>	<b>(112)</b>
Over-provision in current year	<b>71</b>	<b>-</b>
Income tax expense	<b>5,957</b>	<b>5,003</b>

- d) At the end of reporting period, the Group had unutilised tax losses of approximately HK\$73,144,000 (2009: HK\$95,566,000) available for offsetting against future taxable profits. No deferred tax asset has been recognised due to the unpredictability of future taxable profits. The tax losses may be carried forward indefinitely.

## 10. DIVIDENDS

	<b>2010</b> <b>HK\$'000</b>	2009 HK\$'000
Final dividend proposed of HK2.0 cents (2009: HK2.0 cents) per ordinary share	<b>26,823</b>	26,823
Special dividend proposed of Nil (2009: HK1.5 cents) per ordinary share	<u>-</u>	<u>20,118</u>
	<b><u>26,823</u></b>	<b><u>46,941</u></b>

The amount of the proposed final dividend for the year ended 31<sup>st</sup> March, 2010 of HK2.0 cents per ordinary share will be payable in cash is not accounted for until they have been approved by the shareholders at the forthcoming annual general meeting.

## 11. INVESTMENT PROPERTIES

	<b>The Group</b> <b>2010</b> <b>HK\$'000</b>	2009 HK\$'000
Fair value:		
At 1 <sup>st</sup> April	<b>556,000</b>	442,000
Additions	<b>55</b>	88
Transferred from properties held for development	-	27,501
Net increase in fair value recognised in the consolidated income statement	<b><u>58,945</u></b>	<u>86,411</u>
At 31 <sup>st</sup> March	<b><u>615,000</u></b>	<b><u>556,000</u></b>

The Group's investment properties are situated in Macau and are held under medium-term lease.

The fair value of the Group's investment properties at 31<sup>st</sup> March, 2010 have been arrived at on the basis of market value of a valuation carried out at that date by LCH (Asia-Pacific) Surveyors Limited, an independent professional valuer. Investment properties were valued on open market basis.

The Group leases out investment properties under operating leases.

The Group has pledged certain of its investment properties with aggregate carrying value of approximately HK\$455,000,000 (2009: HK\$399,000,000) to a bank to secure general banking facilities granted to the Group.

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

	<b>The Group</b>	
	<b>2010</b>	<b>2009</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	<b>36,030</b>	29,210
- The SEHK Options Clearing House Limited	<b>2</b>	2
- Hong Kong Securities Clearing Company Limited ("HKSCC")	<b>3,952</b>	-
Accounts receivable from tenants	-	8
Amounts receivable arising from the ordinary course of business of dealing in futures contracts:		
- Clearing house	<b>15,052</b>	1,224
Amounts receivable arising from the ordinary course of business of provision of securities margin financing:		
- Clients	<b>72,717</b>	69,316
Amounts receivable arising from the ordinary course of business dealing in trading of precious metal:		
- Clients	<b>4,318</b>	2,942
Interest-bearing loan receivables	<b>202,476</b>	196,298
Accounts Receivables	<b>6,220</b>	-
Other receivables	<b>2</b>	1,430
	<b>340,769</b>	300,430
Less: Provision for impairment of trade receivables	<b>(86,557)</b>	(86,464)
	<b>254,212</b>	213,966
Deposits and prepayments	<b>8,529</b>	8,519
	<b>262,741</b>	222,485
Portion classified as non-current assets	<b>(29,969)</b>	(33,093)
Portion classified as current assets	<b>232,772</b>	189,392

Margin client receivables of approximately HK\$59,977,000 (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\$260,267,000 as at 31<sup>st</sup> March, 2010 (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 movements in the provision for impairment of trade receivables during the year, including both specific and collective loss components, are as follows:

	<b>The Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
At 1 <sup>st</sup> April	<b>86,464</b>	93,510
Amount written off as uncollectible	<b>(1,657)</b>	(2,816)
Provision/(write-back of provision) for impairment (net)	<b>1,750</b>	(4,230)
At 31 <sup>st</sup> March	<b>86,557</b>	86,464

## 12. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

The aged analysis of trade and other receivables (net of impairment of trade receivables) is as follows:

	<b>2010</b> <b>HK\$'000</b>	<b>2009</b> <b>HK\$'000</b>
Neither past due nor impaired	<u>222,432</u>	<u>201,745</u>
Past due:		
Less than 1 month past due	24,535	5,209
1 to 3 months past due	3,062	702
3 months to 1 year past due	1,929	4,367
Over 1 year past due	<u>2,254</u>	<u>1,943</u>
	<u>31,780</u>	<u>12,221</u>
	<u>254,212</u>	<u>213,966</u>

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default or covered by collaterals pledged with the Group.

Receivables that were past due relate to a number of independent customers and were reviewed by the directors with a provision/impairment losses of approximately HK\$86,557,000 made at 31<sup>st</sup> March, 2010 (2009: HK\$86,464,000). Based on past experience, the directors of the Company are of opinion that no further provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are considered fully recoverable.

## 13. BANK BALANCES AND CASH

	<b>The Group</b> <b>2010</b> <b>HK\$'000</b>	<b>2009</b> <b>HK\$'000</b>
Cash at bank		
- General accounts	50,196	49,789
- Trust accounts	50,735	10,728
- Segregated accounts	4,445	4,457
Cash in hand	8	5
Short-term bank deposits		
- pledged (note)	38,002	66,008
- non-pledged	<u>61,882</u>	<u>24,155</u>
	<u>205,268</u>	<u>155,142</u>

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

## 14. BORROWINGS

	<b>The Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Borrowings comprise:		
Other loans		
- interest-bearing	19,499	8,356
- interest-free	-	-
	<u>19,499</u>	<u>8,356</u>
Analysed as:		
Secured	19,499	8,356
Unsecured	-	-
	<u>19,499</u>	<u>8,356</u>
Borrowings are repayable as follows:		
Within one year or on demand	19,499	8,356
More than one year but not exceeding two years	-	-
More than two years but not exceeding five years	-	-
	<u>19,499</u>	<u>8,356</u>
Less: Amount repayable within one year and shown under current liabilities	<u>(19,499)</u>	<u>(8,356)</u>
Amount due after one year	<u>-</u>	<u>-</u>

## 15. CREDITORS AND ACCRUED EXPENSES

	<b>The Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Amounts payable arising from the ordinary course of business of dealing in securities and options:		
- Cash clients	62,603	21,025
- HKSCC	-	810
- Other intermediaries	-	1,945
Amounts payable arising from the ordinary course of business of dealing in futures contracts:		
- Clients	19,064	5,254
Amounts payable arising from the ordinary course of business of provision of securities margin financing:		
- Clients	14,600	8,277
Amounts payable arising from ordinary course of business of dealing in bullion	9,383	285
Escrow money received	3,286	3,286
Interest income received in advance	163	-
Accruals and other payables	20,613	7,579
Rental and other deposits received	2,360	1,780
Rental receipts in advance	277	209
	<u>132,349</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 31<sup>st</sup> March, 2010 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 HK2.0 cents (2009: HK2.0 cents) per ordinary share and a special dividend of HKNil cents (2009: HK1.5 cents) per ordinary share for the year.

## **CLOSURE OF REGISTERS OF MEMBERS**

The registers of members of the Company will be closed from 25<sup>th</sup> August, 2010 to 27<sup>th</sup> August, 2010, both days inclusive, during which period no transfer of shares will be registered.

In order to qualify for the proposed final [and special dividend], all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Share Registrars in Hong Kong, Tricor Standard Limited, at 26<sup>th</sup> Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:00 p.m. on 24<sup>th</sup> August, 2010.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

Resulting from the global financial crisis, GDP of Hong Kong declined 2.8% in year 2009. Fortunately, with the sheltering effect of China and the Hong Kong government proactive measures, Hong Kong's economy has undergone a recovery and achieved a GDP growth of 8.2% in the first quarter of 2010.

For the financial year ended 31<sup>st</sup> March, 2010, the Group recorded a profit before taxation of HK\$101,296,000 (2009: HK\$124,014,000). Profit attributable to equity holders of the Company amounted to HK\$95,291,000 (2009: HK\$118,280,000), while earnings per share was HK7.1 cents (2009: HK9.0 cents). Turnover for the year is around HK\$395,695,000 (2009: HK\$420,481,000) with 80% of the turnover coming from the precious metal business.

In accordance with the Hong Kong Accounting Standard 40 "Investment Property", investment properties were initially recognized at fair value at the end of each reporting period. Chino Plaza located on the Macau Peninsula and Si Wan site located in Taipa, Macau were classified as "Investment Properties", therefore, HK\$58,945,000 (2009: HK\$86,411,000) was arising from the fair value change in investment properties. The fair value of the Group's investment properties at 31<sup>st</sup> March, 2010 have been arrived at on the basis of market value of a valuation carried out at that date by LCH (Asia-Pacific) Surveyors Limited, an independent professional valuer. After excluding the revaluation factor, the Group's net profit increased by 11.6% to HK\$36,394,000 (2009: HK\$32,600,000).

### **Financing**

Given the fluctuating market and economic tsunami, the Group continuously adopted the prudent credit policy since year 2007. Turnover within the money lending business and margin financing activities decreased by approximately 13.8% to HK\$22,023,000 (2009: 25,540,000). This segment contributed HK\$17,992,000 profit (2009: HK\$16,084,000) to the Group. The Group continues to maintain a low gearing ratio of 1.7%.

### **Securities and Commodities Brokerage**

Under the current recovering economy, turnover and profit from the securities and commodities brokerage segment had increased by 36.3% to HK\$25,812,000 (2009: HK\$18,942,000) and by 157.8% to HK\$7,728,000 (2009: HK\$2,998,000) respectively. This segment contributed 17.7% profit to the Group.

**Corporate Finance**

Turnover and profit from this sector substantially increased by 1,861.7% and 657.8% respectively. This segment contributed 12.3% (2009: 2.1%) to the Group's profit, a 657.8% increase when compared with last year of HK\$702,000. The segment will continue to focus on different types of financial advisory, placing and IPO business.

**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 had been adopted with the mentioned client. Under this arrangement, the performance fee will be increased or decreased in accordance with the client's performance. For the financial year under review, this segment's turnover reached HK\$6,665,000 (2009: HK\$6,401,000).

**Property Investments**

For the financial year under review, turnover from this segment increased by 23.3% to HK\$8,311,000 (2009: HK\$6,739,000). This segment contributed 13.5% profit to the Group. Chino Plaza (the "Plaza") in Macau accounted for over 90% of the rental income of this segment.

**Precious Metal Trading**

The Group carried out 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. With the continuously increased value of precious metal, clients became more conservative which decreased the profit margin of this segment. This segment recorded a turnover and profit of HK\$315,680,000 (2009: HK\$361,982,000) and HK\$400,000 (2009: HK\$2,930,000) respectively.

**Prospect**

Year 2010 is a challenging year for the world economy. Worries of potential increased interest rate and second round slowdown resulting from the global financial turmoil and the Europe financial crisis created uncertainties in the domestic and global market. The Group will continue to seek for suitable investment opportunities and at the same time maintain a balance between overall business development, cost and risk.

## **FINANCIAL REVIEW**

### **Liquidity and Financial Resources**

As at 31<sup>st</sup> March, 2010, the Group had cash and bank balances of approximately HK\$205 million (2009: HK\$155 million) of which approximately HK\$38 million (2009: HK\$66 million) were pledged to a bank for facilities granted to the Group. The Company has given guarantees to the extent of HK\$313 million (2009: HK\$313 million) to secure the facilities granted to subsidiaries.

As at 31<sup>st</sup> March, 2010, the Group had available aggregate banking facilities of approximately HK\$313 million (2009: HK\$313 million) of which approximately HK\$293 million (2009: HK\$293 million) was not utilised.

### **Gearing Ratio**

As at 31<sup>st</sup> March, 2010, the amount of total borrowings was approximately HK\$19 million (2009: HK\$8 million). The gearing being equal to approximately 1.7 % (2009: 0.8%) of the net assets of approximately HK\$1,113 million (2009: HK\$1,065 million).

### **FOREIGN CURRENCY FLUCTUATION**

During the year, 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.

### **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, 2010, 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. 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 year ended 31<sup>st</sup> March, 2010.

The figures in respect of the preliminary announcement of the Group's results for the year ended 31<sup>st</sup> March, 2010 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. As at the date of this report, the members comprised of independent non-executive directors, Mr. PANG Cheung Hing, Alex, Mr. CHAN Chung Yee, Alan, Mr. FUK Ho Kai and executive director, Ms. CHENG Wai Ling, Annie. 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, 2010, 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 of 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 19<sup>th</sup> July, 2010. The annual report for the year ended 31<sup>st</sup> March, 2010 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  
Mr. IP Man Tin, David  
Chairman

Hong Kong, 19<sup>th</sup> July, 2010

*\* For identification purpose only*

*As at the date of this announcement, the Board of the Company consists of Mr. 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. SUEN Man Tak, Stephen, Mr. CHENG Wai Lun, Andrew and Ms. CHENG Wai Ling, Annie as executive directors and Mr. PANG Cheung Hing, Alex, Mr. CHAN Chung Yee, Alan and Mr. FUK Ho Kai as independent non-executive directors.*