



# 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 2011

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>2011</b> <b>HK\$'000</b>	<b>2010</b> <b>HK\$'000</b>
<b>Net assets</b>	<b>1,208,735</b>	<b>1,113,373</b>
<b>Turnover</b>	<b>291,511</b>	<b>395,695</b>
<b>Net profit</b>	<b>122,180</b>	<b>95,339</b>
<b>Proposed final dividend per share</b>	<b>HK2.0 cents</b>	<b>HK2.0 cents</b>
<b>Earnings per share</b>	<b>HK9.1 cents</b>	<b>HK7.1 cents</b>

## RESULTS

The Board of Directors (the “Board”) of Upbest Group Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31<sup>st</sup> March 2011 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>2011</b>	<b>2010</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
Turnover	4	<b>291,511</b>	395,695
Cost of goods sold		<b>(218,745)</b>	(311,039)
Other revenue		<b>853</b>	387
Increase in fair value of investment properties	10	<b>93,200</b>	58,945
Net gain on financial assets or liabilities at fair value through profit or loss		<b>300</b>	90
Gain on disposal of property, plant and equipment		<b>220</b>	-
Impairment loss on trade receivables (net)	11	<b>(11,348)</b>	(1,750)
Bad debts (written off)/ recovery (net)		<b>(15)</b>	167
Administrative and other operating expenses		<b>(36,029)</b>	(40,144)
Finance costs	5	<b>(858)</b>	(1,021)
Share of results of associates		<b>6,243</b>	(34)
Profit before taxation	6	<b>125,332</b>	101,296
Income tax expense	8	<b>(3,152)</b>	(5,957)
Profit for the year		<b>122,180</b>	95,339
Attributable to:			
Equity holders of the Company		<b>122,169</b>	95,291
Non-controlling interests		<b>11</b>	48
		<b>122,180</b>	95,339
Dividends	9	<b>26,823</b>	26,823
<b>Earnings per share</b>	7	<b>HK cents</b>	<b>HK cents</b>
Basic		<b>9.1</b>	7.1
Diluted		<b>N/A</b>	N/A

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<b>For the year ended 31<sup>st</sup> March</b>	
	<b>2011</b>	<b>2010</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Profit for the year</b>	<b>122,180</b>	<b>95,339</b>
<b>Other comprehensive income</b>	<b>_____ -</b>	<b>_____ -</b>
<b>Total comprehensive income for the year</b>	<b><u>122,180</u></b>	<b><u>95,339</u></b>
Attributable to:		
Equity holders of the Company	<b>122,169</b>	<b>95,291</b>
Non-controlling interests	<b><u>11</u></b>	<b><u>48</u></b>
	<b><u>122,180</u></b>	<b><u>95,339</u></b>

# **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

		<b>As at 31<sup>st</sup> March</b>	
	<b>Note</b>	<b>2011</b>	<b>2010</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>2,182</b>	2,130
Investment properties	10	<b>708,200</b>	615,000
Intangible assets		<b>2,040</b>	2,040
Interests in associates		<b>71,900</b>	65,351
Available-for-sale financial assets		<b>136</b>	136
Trade and other receivables, deposits and prepayments	11	<b>36,130</b>	29,969
Other assets		<b>5,200</b>	5,200
		<b>825,788</b>	719,826
<b>CURRENT ASSETS</b>			
Properties held for development		<b>136,784</b>	135,475
Inventories		<b>2,463</b>	7,521
Loan receivables		-	61
Trade and other receivables, deposits and prepayments	11	<b>219,028</b>	232,772
Amounts due from a related company		<b>3,946</b>	5,035
Financial assets at fair value through profit or loss		<b>9,070</b>	9,014
Tax recoverable		<b>686</b>	220
Bank balances and cash	12	<b>179,757</b>	205,268
		<b>551,734</b>	595,366
<b>CURRENT LIABILITIES</b>			
Borrowings	13	<b>14,134</b>	19,499
Amounts due to related parties		<b>15,122</b>	15,988
Amounts due to ultimate holding company		<b>47,955</b>	31,114
Financial liabilities at fair value through profit or loss		<b>2,947</b>	-
Creditors and accrued expenses	14	<b>88,130</b>	132,349
Provision for taxation		<b>499</b>	2,869
		<b>168,787</b>	201,819
<b>NET CURRENT ASSETS</b>		<b>382,947</b>	393,547
<b>NET ASSETS</b>		<b>1,208,735</b>	1,113,373
<b>CAPITAL AND RESERVES</b>			
Share capital		<b>13,412</b>	13,412
Reserves		<b>1,113,110</b>	1,017,759
Proposed final dividend	9	<b>26,823</b>	26,823
Equity attributable to equity holders of the Company		<b>1,153,345</b>	1,057,994
Non-controlling interests		<b>55,390</b>	55,379
<b>TOTAL EQUITY</b>		<b>1,208,735</b>	1,113,373

## 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 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.

#### 3.1. 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 (Revised)	<i>First-time Adoption of Hong Kong Financial Reporting Standards</i>
HKFRS 1 Amendments	<i>Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters</i>
HKFRS 3 (Revised)	<i>Business Combinations</i>
HKAS 27 (Revised)	<i>Consolidated and Separate Financial Statements</i>
Improvements to HKFRSs	<i>Amendments to a number of HKFRSs issued in May 2009</i>

Other than as further explained below regarding the impact of HKFRS 3 (Revised) and HKAS 27 (Revised), the adoption of these new and revised HKFRSs has had no significant financial effect on these financial statements.

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

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

HKFRS 3 (Revised) *Business Combinations* and HKAS 27 (Revised) *Consolidated and Separate Financial Statements*

HKFRS 3 (Revised) introduces a number of changes in the accounting for business combinations that affect the initial measurement of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results.

HKAS 27 (Revised) requires that a change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Consequential amendments were made to various standards, including, but not limited to HKAS 7 *Statement of Cash Flows*, HKAS 12 *Income Taxes*, HKAS 21 *The Effects of Changes in Foreign Exchange Rates*, HKAS 28 *Investments in Associates* and HKAS 31 *Interests in Joint Ventures*.

The changes introduced by these revised standards are applied prospectively and affected the accounting of acquisitions, loss of control and transactions with non-controlling interests after 1<sup>st</sup> April 2010.

### 3.2 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 Amendment	<i>Amendment to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters<sup>1</sup></i>
HKFRS 1 Amendments	<i>Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters<sup>3</sup></i>
HKFRS 7 Amendments	<i>Amendments to HKFRS 7 Financial Instruments: Disclosures – Transfers of Financial Assets<sup>3</sup></i>
HKFRS 9	<i>Financial Instruments<sup>5</sup></i>
HKAS 12 Amendments	<i>Amendments to HKAS 12 Income Taxes – Deferred Tax : Recovery of Underlying Assets<sup>4</sup></i>
HKAS 24 (Revised)	<i>Related Party Disclosures<sup>2</sup></i>
HK(IFRIC)-Int 14 Amendments	<i>Amendments to HK(IFRIC)-Int 14 Prepayments of a Minimum Funding Requirement<sup>2</sup></i>
HK(IFRIC)-Int 19	<i>Extinguishing Financial Liabilities with Equity Instruments<sup>1</sup></i>

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

Apart from the above, the HKICPA has issued *Improvements to HKFRSs 2010* which sets out amendments to a number of HKFRSs primarily with a review to removing inconsistencies and clarifying wording. The *amendments* to HKFRS 3 and HKAS 27 are effective for annual periods beginning on or after 1<sup>st</sup> July 2010, whereas the amendments to HKFRS 1, HKFRS 7, HKAS 1, HKAS 34 and HK (IFRIC)-Int 13 are effective for annual periods beginning on or after 1<sup>st</sup> January 2011 although there are separate transitional provisions for each standard or interpretation.

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

<sup>2</sup> Effective for annual periods beginning on or after 1<sup>st</sup> January 2011

<sup>3</sup> Effective for annual periods beginning on or after 1<sup>st</sup> July 2011

<sup>4</sup> Effective for annual periods beginning on or after 1<sup>st</sup> January 2012

<sup>5</sup> Effective for annual periods beginning on or after 1<sup>st</sup> January 2013

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 while the application of HKFRS 9 may affect the classification and measurement of the Group's financial instruments, these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

### 4. 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 2011 and 31<sup>st</sup> March 2010 is as follows:

	<b>Consolidated</b>	
	<b>2011</b>	<b>2010</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Segment revenue</b>		
Broking	<b>21,090</b>	25,812
Financing	<b>19,007</b>	22,023
Corporate finance	<b>12,892</b>	17,204
Assets management	<b>5,941</b>	6,665
Property investment	<b>9,754</b>	8,311
Precious metal trading	<b>222,827</b>	315,680
Investment holding	<b>-</b>	-
	<b>291,511</b>	<b>395,695</b>

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

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

	<b>Consolidated</b>	
	<b>2011</b>	<b>2010</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Segment results</b>		
Broking	4,104	7,728
Financing	15,427	17,992
Corporate finance	2,794	5,320
Assets management	5,692	6,248
Property investment	7,458	5,893
Precious metal trading	704	400
Investment holding	-	-
	<b>36,179</b>	<b>43,581</b>
Increase in fair value of investment properties	93,200	58,945
Gain on disposal of property, plant and equipment	220	-
Bad debts written off	(30)	-
Bad debts recovered	15	167
Impairment loss on trade receivables (net)	(11,348)	(1,750)
Other revenue	853	387
Share of results of associates	6,243	(34)
Profit before taxation	<b>125,332</b>	<b>101,296</b>
Income tax expense	<b>(3,152)</b>	<b>(5,957)</b>
Profit for the year	<b>122,180</b>	<b>95,339</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, amounts due from associates, deposits and prepayments and other assets.

	<b>Revenue from external customers</b>		<b>Non-current assets</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
Hong Kong	281,757	387,384	3,474	3,406
Macau	9,754	8,311	726,964	627,537
	<b>291,511</b>	<b>395,695</b>	<b>730,438</b>	<b>630,943</b>



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

##### c) Information about major customers

- (i) Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group is as follows:

	2011 HK\$'000	2010 HK\$'000
Customer A <sup>1</sup>	N/A <sup>2</sup>	87,815
Customer B <sup>1</sup>	73,524	54,457
Customer C <sup>1</sup>	47,311	46,951
	<u>120,835</u>	<u>189,223</u>

Notes:

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

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

- (ii) At the end of the reporting period, the percentage of the above major customers to total trade receivables after impairment loss is as follows:

	2011	2010
Customer A	* - %	* - %
Customer B	* - %	0.4%
Customer C	0.9 %	* - %
	<u>0.9 %</u>	<u>0.4 %</u>

\* Nil outstanding trade receivables at the end of the reporting period.

#### 5. FINANCE COSTS

	The Group	
	2011 HK\$'000	2010 HK\$'000
Interest on bank loans and overdrafts	22	88
Interest on other loans, wholly repayable within five years	836	933
	<u>858</u>	<u>1,021</u>

## 6. PROFIT BEFORE TAXATION

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

	<b>The Group</b>	
	<b>2011</b>	<b>2010</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Charging:		
Auditors' remuneration		
- current year	<b>420</b>	420
- prior year under-provision	<b>-</b>	15
	<b>420</b>	435
Staff costs		
- salaries, bonuses and other benefits	<b>19,800</b>	20,174
- contributions to retirement schemes	<b>373</b>	419
	<b>20,173</b>	20,593
Depreciation	<b>657</b>	543
Bad debts written off	<b>30</b>	-
Operating leases rentals in respect of rented premises	<b>1,953</b>	2,230
Crediting:		
Rental income from operating leases less outgoings (gross rental income: HK\$ 9,754,159 (2010: HK\$8,311,322))	<b>9,619</b>	8,055

## 7. 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\$122,169,000 (2010: HK\$95,291,000) and the number of 1,341,158,379 (2010: 1,341,158,379) ordinary shares in issue during the year.

There is no diluted earnings per share for the years ended 31<sup>st</sup> March 2011 and 31<sup>st</sup> March 2010 presented since the Company has no dilutive potential ordinary shares.

## 8. INCOME TAX EXPENSE

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

	<b>The Group</b>	
	<b>2011</b>	<b>2010</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Hong Kong profits tax		
- current year	<b>3,152</b>	5,957

b) i) Provision for Hong Kong profits tax has been made at the rate of 16.5% (2010: 16.5%).

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

## 8. INCOME TAX EXPENSE (CONT'D)

- 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>2011</b>	<b>2010</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Profit before taxation	<b>125,332</b>	<b>101,296</b>
Tax at the statutory income tax rate of 16.5% (2010: 16.5%)	<b>20,679</b>	16,714
Tax effect of increase in fair value of investment properties	<b>(15,378)</b>	(9,726)
Tax effect of non-taxable revenue	<b>(3,133)</b>	(1,997)
Tax effect of non-deductible expenses	<b>825</b>	1,008
Tax effect of unrecognised temporary differences	<b>(22)</b>	361
Tax effect of tax losses not recognised	<b>982</b>	106
Utilisation of tax losses previously not recognised	<b>(774)</b>	(580)
Over-provision in prior year	<b>(71)</b>	-
Over-provision in current year	<b>44</b>	71
Income tax expense	<b>3,152</b>	<b>5,957</b>

- d) At the end of the reporting period, the Group had unutilised tax losses of approximately HK\$74,473,632 (2010: HK\$73,144,000) 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.

## 9. DIVIDEND

	<b>2011</b>	<b>2010</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Final dividend proposed of HK2.0 cents (2010: HK2.0 cents) per ordinary share	<b>26,823</b>	<b>26,823</b>

The amount of the proposed final dividend for the year ended 31<sup>st</sup> March 2011 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.

## 10. INVESTMENT PROPERTIES

	<b>The Group</b>	
	<b>2011</b>	<b>2010</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Fair value:		
At 1 <sup>st</sup> April	<b>615,000</b>	556,000
Additions	-	55
Net increase in fair value recognised in the consolidated income statement	<b>93,200</b>	58,945
At 31 <sup>st</sup> March	<b>708,200</b>	<b>615,000</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 2011 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\$540,000,000 (2010: HK\$455,000,000) to a bank to secure general banking facilities granted to the Group.

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

	<b>The Group</b>	
	<b>2011</b>	<b>2010</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>26,103</b>	36,030
- The SEHK Options Clearing House Limited	<b>2</b>	2
- Hong Kong Securities Clearing Company Limited ("HKSCC")	<b>10,040</b>	3,952
Amounts receivable arising from the ordinary course of business of dealing in futures contracts:		
- Clearing house	<b>22,620</b>	15,052
Amounts receivable arising from the ordinary course of business of provision of securities margin financing:		
- Clients (note)	<b>72,515</b>	72,717
Amounts receivable arising from the ordinary course of business dealing in trading of precious metal:		
- Clients	<b>4,060</b>	4,318
Interest-bearing loan receivables	<b>204,152</b>	202,476
Accounts receivables	<b>1,300</b>	6,220
Other receivables	<b>2</b>	2
	<b>340,794</b>	340,769
Less: Impairment loss on trade receivables	<b>(95,476)</b>	(86,557)
	<b>245,318</b>	254,212
Deposits and prepayments	<b>9,840</b>	8,529
	<b>255,158</b>	262,741
Portion classified as non-current assets	<b>(36,130)</b>	(29,969)
Portion classified as current assets	<b>219,028</b>	232,772

Note: Margin client receivables after impairment loss of approximately HK\$59,600,000 (2010: HK\$59,977,000) are repayable on demand, bearing interest at market rate and secured by clients' securities listed on the Stock Exchange with a total market value of approximately HK\$224,839,000 as at 31<sup>st</sup> March 2011 (2010: HK\$196,115,000).

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

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

The movements in the impairment loss on trade receivables during the year, including both specific and collective loss components, are as follows:

	<b>The Group</b>	
	<b>2011</b>	<b>2010</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
At 1 <sup>st</sup> April	86,557	86,464
Amount written off as uncollectible	(2,429)	(1,657)
Impairment loss (net)	11,348	1,750
At 31 <sup>st</sup> March	<u>95,476</u>	<u>86,557</u>

The ageing analysis of trade and other receivables (net of impairment loss on trade receivables) is as follows:

	<b>2011</b>	<b>2010</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Neither past due nor impaired	<u>228,791</u>	<u>222,432</u>
Past due:		
Less than 1 month past due	6,881	24,535
1 to 3 months past due	3,294	3,062
3 months to 1 year past due	1,974	1,929
Over 1 year past due	4,378	2,254
	<u>16,527</u>	<u>31,780</u>
	<u>245,318</u>	<u>254,212</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 impairment losses of approximately HK\$ 95,476,000 made at 31<sup>st</sup> March 2011 (2010 HK\$86,557,000). Based on past experience, the directors of the Company are of the opinion that no further impairment loss 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.

## 12. BANK BALANCES AND CASH

	<b>The Group</b>	
	<b>2011</b>	<b>2010</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Cash at bank		
- General accounts	60,870	50,196
- Trust accounts	19,291	50,735
- Segregated accounts	4,150	4,445
Cash in hand	4	8
Short-term bank deposits		
- pledged (note)	42,128	38,002
- non-pledged	53,314	61,882
	<u>179,757</u>	<u>205,268</u>

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

### 13. BORROWINGS

	<b>The Group</b>	
	<b>2011</b>	<b>2010</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Borrowings comprise:		
Other loans		
- interest-bearing	14,134	19,499
- interest-free	-	-
	<u>14,134</u>	<u>19,499</u>
Analysed as:		
Secured	14,134	19,499
Unsecured	-	-
	<u>14,134</u>	<u>19,499</u>
Borrowings are repayable as follows:		
Within one year or on demand	14,134	19,499
More than one year but not exceeding two years	-	-
More than two years but not exceeding five years	-	-
	<u>14,134</u>	<u>19,499</u>
Less: Amount repayable within one year and shown under current liabilities	<u>(14,134)</u>	<u>(19,499)</u>
Amount due after one year	<u>-</u>	<u>-</u>

### 14. CREDITORS AND ACCRUED EXPENSES

	<b>The Group</b>	
	<b>2011</b>	<b>2010</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	44,166	62,603
Amounts payable arising from the ordinary course of business of dealing in futures contracts:		
- Clients	26,439	19,064
Amounts payable arising from the ordinary course of business of provision of securities margin financing:		
- Clients	3,015	14,600
Amounts payable arising from the ordinary course of business of dealing in bullion	1,169	9,383
Escrow money received	3,286	3,286
Interest income received in advance	2	163
Accruals and other payables	7,046	20,613
Rental and other deposits received	2,499	2,360
Rental receipts in advance	508	277
	<u>88,130</u>	<u>132,349</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 2011 and 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 (2010: HK2.0 cents) per ordinary share for the year.

## **CLOSURE OF REGISTERS OF MEMBERS**

The registers of members of the Company will be closed from 22<sup>nd</sup> September 2011 to 27<sup>th</sup> September 2011, both days inclusive, during which period no transfer of shares will be registered.

In order to qualify for the proposed final dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Share Registrars in Hong Kong, 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 21<sup>st</sup> September 2011.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

The global market was affected by the sovereign debt crisis in the Eurozone kindled by the deteriorating fiscal conditions and immense budget deficits for a number of European countries. Investor sentiment became suppressed by worries over repayment capability and intensifying of the structural problems. Despite bailout plans announced by the Eurozone finance ministers and the International Monetary Fund, local market suffered unavoidably from the adjustments to the stock prices. The tightening measures set by the PRC Central Government to counter inflation and control liquidity supply in the banking sector further impacted the local equities market, the Hang Seng Index reached a trough of 18,985 in May 2010. The local and global market experienced a violating year.

For the financial year ended 31<sup>st</sup> March 2011, the Group recorded a profit before taxation of HK\$125,332,000 (2010: HK\$101,296,000). Profit attributable to equity holders of the Company amounted to HK\$ 122,169,000 (2010: HK\$95,291,000), while earnings per share was HK9.1 cents (2010: HK7.1 cents). Turnover for the year is around HK\$291,511,000 (2010: HK\$395,695,000) with 76 % of the turnover coming from the precious metal business.

In accordance with the Hong Kong Accounting Standard 40 "Investment Property", investment properties were initially recognised at fair value at the end of each reporting period. Two properties of the Group, namely Chino Plaza located on the Macau Peninsula and Si Wan site located in Taipa, Macau, were classified as "Investment Properties". The fair value of the Group's investment properties at 31<sup>st</sup> March 2011 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. As a result of the revaluation in investment properties, there was an unrealized gain of HK\$93,200,000 (2010: HK\$58,945,000). After excluding the revaluation factor, the Group's net profit decreased by 20.4% to HK\$28,980,000 (2010: HK\$36,394,000). The said decrease in net profit was mainly affected by impairment losses on certain trade receivables amounting to a total of HK\$11,348,000.

### **Financing**

Given the persistent volatile economy, the Group has continuously adopted the prudent credit policy since year 2007 and has been practicing it to the satisfaction of the management. Ongoing review of the clients' credit standing and repayment history has enabled the management to sustain a well balanced clientele. Turnover within the money lending business and margin financing activities decreased by approximately 13.7% to HK\$19,007,000 (2010: HK\$22,023,000). This segment contributed HK\$15,427,000 profit (2010: HK\$17,992,000) to the Group.

**Property Investments and Development**

For the financial year under review, turnover from this segment increased by 17.4% to HK\$9,754,000 (2010: HK\$8,311,000). Chino Plaza in Macau accounted for over 90% of the rental income of this segment. Properties held for development amounted to HK\$136,784,000 which included 2 pieces of land located in Macau and a development project in Hong Kong. Subsequent to the year under review, the Group disposed of a Macau project with a net book value of HK\$44 million.

**Securities and Commodities Brokerage**

This segment was affected by global capital market condition. The global equity market was impacted by the credit risk commenced in Greece and spread all over Europe. The Hang Seng Index reached a low of 18,985 points during May 2010. With the volatile market, turnover and profit from the securities and commodities brokerage segment had decreased by 18.3% to HK\$21,090,000 (2010: HK\$25,812,000) and by 46.9% to HK\$4,104,000 (2010: HK\$7,728,000) respectively.

**Corporate Finance**

Turnover from this sector decreased by 25.1%, the decrease was mainly due to the increase in equity market risk and current market condition. 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\$5,941,000 (2010: HK\$6,665,000).

**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 increase in 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\$222,827,000 and HK\$704,000 respectively (2010: HK\$315,680,000 and HK\$400,000).

**Prospect**

2011 will be a dynamic year of the Group. Subsequent to the financial year ended 31<sup>st</sup> March 2011, the Group disposed of its 60% interest in Macau property investment. Based on the unaudited consolidated management accounts, it is estimated that upon completion, the Group will record a gain of approximately HK\$55 million. This gain will reflect in our financial statements for the ensuing year.

With the advent of the Three Mini Links ("Xiao San Tong"), Quanzhou will be able to benefit from the common Minnan dialect and its proximity to Taiwan. This will attract more and more Taiwanese enterprises to establish business in Quanzhou. In order to take advantage of growing opportunities, the Group entered into a Joint Venture for the development of a piece of land located in Quanzhou in June 2011.

The Board believed that the prevailing tight credit environment in the PRC is a good opportunity for the Group to diversify its property investment into the PRC market at a relatively reasonable price and benefit from the generally anticipated Renminbi currency appreciation. The Group is optimistic of the long-term economic outlook of PRC.



The Group will continue to look for suitable investment opportunities in this direction, in the context of ensuring a proper balance between overall business development, stakeholders' interest, cost control and risk management.

## **FINANCIAL REVIEW**

### **Liquidity and Financial Resources**

As at 31<sup>st</sup> March 2011, the Group had cash and bank balances of approximately HK\$180 million (2010: HK\$205 million) of which approximately HK\$42 million (2010: HK\$38 million) were pledged to bank for facilities granted to the Group. The Company has given guarantees to the extent of HK\$303 million (2010: HK\$313 million) to secure the facilities granted to subsidiaries.

As at 31<sup>st</sup> March 2011, the Group had available aggregate banking facilities of approximately HK\$308 million (2010: HK\$313 million) of which approximately HK\$289 million (2010: HK\$293 million) was not utilised.

### **Gearing Ratio**

As at 31<sup>st</sup> March 2011, the amount of total borrowings was approximately HK\$14 million (2010: HK\$19 million). The gearing being equal to approximately 1.2% (2010: 1.7%) of the net assets of approximately HK\$1,209 million (2010: HK\$1,113 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 2011, 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 2011.

The figures in respect of the preliminary announcement of the Group's results for the year ended 31<sup>st</sup> March 2011 have been agreed by the Group's auditors, Li, Tang, Chen & Co, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Li, Tang, Chen & Co in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Li, Tang, Chen & Co on the preliminary announcement.

## **REMUNERATION COMMITTEE**

The Remuneration Committee was set up on 18<sup>th</sup> July 2005 and the members comprised of independent non-executive directors, Mr. 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 2011, 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 27<sup>th</sup> June 2011. The annual report for the year ended 31<sup>st</sup> March 2011 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, 27<sup>th</sup> June 2011

*\* 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.*