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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 2011

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 2011 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		For the six months ended 30 th September	
	Note	2011 (unaudited) HK\$'000	2010 (unaudited) HK\$'000
Turnover	3	110,112	175,740
Cost of goods sold		(83,235)	(136,394)
Other revenue		878	108
Net (loss)/ gain on financial assets or liabilities at fair value through profit or loss		(358)	136
Gain on disposal of a subsidiary		56,761	-
Gain on disposal of property, plant and equipment		-	220
Goodwill on acquisition of a subsidiary written off		(617)	-
Bad debts written off (net)		(113)	(15)
(Impairment loss)/write back of impairment loss on trade receivable (net)		(98)	142
Administrative and other operating expenses		(12,847)	(22,658)
Finance costs	4	(261)	(465)
Share of results of associates		(11)	2,376
Profit before taxation	5	70,211	19,190
Income tax expense	7	(2,271)	(1,888)
Profit for the period		67,940	17,302
Attributable to:			
Equity holders of the Company		68,139	17,249
Non-controlling interests		(199)	53
		67,940	17,302

CONDENSED CONSOLIDATED INCOME STATEMENT (CONTINUED)

	Note	For the six months ended 30 th September	
		2011 (unaudited) HK\$'000	2010 (unaudited) HK\$'000
Earnings per share	6	HK cents	HK cents
Basic		5.08	1.3
Diluted		N/A	N/A
Interim dividend		Nil	Nil

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	For the six months ended 30 th September	
		2011 (unaudited) HK\$'000	2010 (unaudited) HK\$'000
Profit for the period		67,940	17,302
Other comprehensive income		-	-
Total comprehensive income for the period		67,940	17,302
Attributable to:			
Equity holders of the Company		68,139	17,249
Non-controlling interests		(199)	53
		67,940	17,302

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30 th September 2011 (unaudited) HK\$'000	31 st March 2011 (audited) HK\$'000
ASSETS AND LIABILITIES			
NON-CURRENT ASSETS			
Property, plant and equipment		1,950	2,182
Investment properties	8	708,200	708,200
Intangible assets		2,040	2,040
Interests in associates		71,714	71,900
Available-for-sale financial assets		136	136
Trade and other receivables, deposits and prepayments	9	55,949	36,130
Other assets		5,200	5,200
		<u>845,189</u>	<u>825,788</u>
CURRENT ASSETS			
Properties held for development		91,992	136,784
Inventories		7	2,463
Trade and other receivables, deposits and prepayments	9	212,461	219,028
Amounts due from a related company		2,235	3,946
Financial assets at fair value through profit or loss		8,130	9,070
Tax recoverable		89	686
Bank balances and cash	10	262,726	179,757
		<u>577,640</u>	<u>551,734</u>
CURRENT LIABILITIES			
Borrowings	11	39,524	14,134
Amounts due to related parties		14,785	15,122
Amounts due to ultimate holding company		33,519	47,955
Financial liabilities at fair value through profit or loss		-	2,947
Creditors and accrued expenses	12	74,842	88,130
Dividend payable		26,823	-
Provision for taxation		1,069	499
		<u>190,562</u>	<u>168,787</u>
NET CURRENT ASSETS		<u>387,078</u>	<u>382,947</u>
NET ASSETS		<u>1,232,267</u>	<u>1,208,735</u>
CAPITAL AND RESERVES			
Share capital		13,412	13,412
Reserves		1,181,249	1,113,110
Proposed final dividend		-	26,823
Equity attributable to equity holders of the Company		1,194,661	1,153,345
Non-controlling interests		37,606	55,390
TOTAL EQUITY		<u>1,232,267</u>	<u>1,208,735</u>

NOTES ON THE CONDENSED FINANCIAL STATEMENTS

1. GENERAL

The Company is a public limited company incorporated in the Cayman Islands with its shares listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of its registered office is Ugland House, South Church Street, P.O. Box 309, George Town, Grand Cayman, Cayman Islands, British West Indies. The principal place of business is 2nd Floor, Wah Kit Commercial Centre, 302 Des Voeux Road Central, Hong Kong.

The Company is principally engaged in investment holding. Its subsidiaries are principally engaged in the provision of a wide range of financial services including securities broking, futures broking, securities margin financing, money lending, corporate finance advisory, assets management, property investment and precious metal trading. The financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company.

Basis of preparation

The unaudited condensed consolidated interim financial statements for the six months ended 30th September 2011 has been prepared in accordance with the Hong Kong Accounting Standard (“HKAS”) 34, ‘Interim financial reporting’ issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). 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 2011.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31st March 2011.

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

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1st April 2011:

HKFRS 1 Amendment	Amendment to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HKAS 24 (Revised)	Related Party Disclosures
HKAS 32 Amendment	Amendment to HKAS 32 Financial Instruments: Presentation - Classification of Rights Issues
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 Prepayments of a Minimum Funding Requirement
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments
Improvements to HKFRSs 2010	Amendments to a number of HKFRSs*

* Improvements to HKFRSs 2010 contains amendments to HKFRS 1, HKFRS 3, HKFRS 7, HKAS 1, HKAS 27, HKAS 34 and HK(IFRIC)-Int 13.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Amendments	Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters ¹
HKFRS 7 Amendments	Amendments to HKFRS 7 Financial Instruments: Disclosures - Transfers of Financial Assets ¹
HKFRS 9	Financial Instruments ⁴
HKFRS 10	Consolidated Financial Statements ⁴
HKFRS 11	Joint Arrangements ⁴
HKFRS 12	Disclosure of Interests in Other Entities ⁴
HKFRS 13	Fair Value Measurement ⁴
HKAS 1 Amendment	Presentation of Items of Other Comprehensive Income ³
HKAS 12 Amendments	Amendments to HKAS 12 Income Taxes - Deferred Tax: Recovery of Underlying Assets ²
HKAS 19 (2011)	Employee Benefits ⁴
HKAS 27 (2011)	Separate Financial Statements ⁴
HKAS 28 (2011)	Investments in Associates and Joint Ventures ⁴

¹ Effective for annual periods beginning on or after 1st July 2011

² Effective for annual periods beginning on or after 1st January 2012

³ Effective for annual periods beginning on or after 1st July 2012

⁴ Effective for annual periods beginning on or after 1st January 2013

Third improvements to Hong Kong Financial Reporting Standards (2010) were issued in May 2010 by the Hong Kong Institute of Certified Public Accountants, except for amendments to HKAS 34 'interim financial information' which is not currently relevant to the Group. All improvements are effective in the financial period beginning from 1st January 2011.

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.

3. TURNOVER AND OPERATING SEGMENT INFORMATION

a) Turnover

	For the six months ended 30th September	
	2011	2010
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Commission and brokerage income from securities broking	7,072	9,320
Commission and brokerage income from futures broking	800	507
Interest income from		
– margin clients	3,074	2,632
– money lending	5,948	5,536
– financial institutions and others	1,372	1,043
Management and handling fees	558	697
Placing and underwriting commission	-	11,897
Commission for subscribing new shares	42	13
Corporate finance advisory fees	248	-
Investment management fee	969	933
Rental income	5,386	4,792
Sales of precious metal	84,643	138,370
	110,112	175,740

b) Reportable operating segments

For management purposes, the Group is currently organized 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

3. TURNOVER AND OPERATING SEGMENT INFORMATION (CONTINUED)

An analysis of segment information of the Group on these reportable operating segments for the six months ended 30th September 2011 and 2010 is as follows:

	Consolidated For the six months ended 30 th September		Consolidated For the six months ended 30 th September	
	2011 (unaudited) HK\$'000	2010 (unaudited) HK\$'000	2011 (unaudited) HK\$'000	2010 (unaudited) HK\$'000
Segment revenue				
Sales to external customers				
Broking	8,430	10,524		
Financing	10,394	9,211		
Corporate finance	290	11,910		
Assets management	969	933		
Property investment	5,386	4,792		
Precious metal trading	84,643	138,370		
Investment holding	-	-	110,112	175,740
Segment results				
Broking	1,147	2,317		
Financing	8,878	7,713		
Corporate finance	279	2,021		
Assets management	966	815		
Property investment	2,893	3,216		
Precious metal trading	(752)	277		
Investment holding	-	-	13,411	16,359
Gain on disposal of property, plant and equipment			-	220
Gain on disposal of a subsidiary			56,761	-
Bad debts written off (net)			(113)	(15)
Goodwill on acquisition of a subsidiary written off			(617)	-
(Impairment loss)/write back of impairment loss on trade receivable (net)			(98)	142
Other revenue			878	108
Share of results of associates			(11)	2,376
Profit before taxation			70,211	19,190
Income tax expense			(2,271)	(1,888)
Profit for the period			67,940	17,302

c) 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, trade and other receivables, deposits and prepayments and other assets.

	Revenue from external customers For the six months ended 30 th September		Non-current assets As at 30 th September	
	2011 (unaudited) HK\$'000	2010 (unaudited) HK\$'000	2011 (unaudited) HK\$'000	As at 31 st March 2011 (audited) HK\$'000
Hong Kong	104,726	170,948	3,242	3,474
Macau	5,386	4,792	726,953	726,964
	110,112	175,740	730,195	730,438

4. FINANCE COSTS

	The Group For the six months ended 30 th September	
	2011 (unaudited) HK\$'000	2010 (unaudited) HK\$'000
Interest on bank loans and overdrafts	-	97
Interest on other loans	261	368
	<u>261</u>	<u>465</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	
	2011 (unaudited) HK\$'000	2010 (unaudited) HK\$'000
Staff costs		
- Salaries (including commission), bonuses and other benefits	6,094	12,821
- contributions to retirement scheme	184	185
	<u>6,278</u>	<u>13,006</u>
Placing and/or underwriting commission paid to third parties	-	3,836
Depreciation	302	318
Bad debts written off	113	30
Operating leases rentals in respect of rented premises	<u>901</u>	<u>1,057</u>
Crediting:		
Rental income from operating leases less outgoings (Gross rental income: HK\$5,385,745 (2010: HK\$4,792,170))	<u>4,627</u>	<u>3,716</u>

6. EARNINGS PER SHARE

The 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 2011 of approximately HK\$68,139,000 (2010: HK\$17,249,000) and the number of 1,341,158,379 ordinary shares (2010: 1,341,158,379 shares) in issue during the period.

There is no diluted earnings per share for the periods ended 30th September 2011 and 2010 presented since the Company has no dilutive potential ordinary shares.

7. INCOME TAX EXPENSE

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

	The Group	
	For the six months ended	
	30th September	
	2011	2010
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Hong Kong profits tax		
- provision for the period	2,271	1,857
Overseas tax paid	-	31
	<u>2,271</u>	<u>1,888</u>

- 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.
- iii) At 30th September 2011, the Group had unutilised tax losses of approximately HK\$74,474,000 (31st March 2011: HK\$74,474,000) 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. INVESTMENT PROPERTIES

	The Group	
	As at 30th	As at
	September	31st March
	2011	2011
	(unaudited)	(audited)
	HK\$'000	HK\$'000
Fair value:		
At 1 st April	708,200	615,000
Additions	-	-
Net increase in fair value recognized in the consolidated income statement	-	93,200
	<u>708,200</u>	<u>708,200</u>

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 31st 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 (31st March 2011: HK\$540,000,000) to a bank to secure general banking facilities granted to the Group.

9. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group	
	30th September	31st March
	2011	2011
	(unaudited)	(audited)
	HK\$'000	HK\$'000
Amounts receivable arising from the ordinary course of business of dealing in securities and options:		
- Cash clients	24,579	26,103
- The SEHK Options Clearing House Limited	2	2
- Hong Kong Securities Clearing Company Limited ("HKSCC")	2,664	10,040
Amounts receivable arising from the ordinary course of business of dealing in futures contracts:		
- Clearing house	22,515	22,620
Amounts receivable arising from the ordinary course of business of provision of securities margin financing:		
- Clients (note)	75,824	72,515
Amounts receivable arising from the ordinary course of business dealing in trading of precious metal:		
- Clients	35,169	4,060
Interest-bearing loan receivables	181,682	204,152
Accounts receivables	1,546	1,300
Other receivables	5,343	2
	349,324	340,794
Less: Impairment Loss on trade receivables	(89,941)	(95,476)
	259,383	245,318
Deposits and prepayments	9,027	9,840
	268,410	255,158
Portion classified as non-current assets	(55,949)	(36,130)
Portion classified as current assets	212,461	219,028

note: Margin client receivables after impairment loss of approximately HK\$67,393,000 (31st March 2011: HK\$59,600,000) 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\$191,942,000 (31st March 2011: HK\$224,839,000)

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

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

	30th September	31st March
	2011	2011
	(unaudited)	(audited)
	HK\$'000	HK\$'000
Neither past due nor impaired	239,032	228,791
Past due:		
Less than 1 month past due	8,178	6,881
1 to 3 months past due	4,614	3,294
3 months to 1 year past due	2,951	1,974
Over 1 year past due	4,608	4,378
	20,351	16,527
	259,383	245,318

10. BANK BALANCES AND CASH

	The Group	
	30th September 2011 (unaudited) HK\$'000	31st March 2011 (audited) HK\$'000
Cash at bank		
- General accounts	43,203	60,870
- Trust accounts	6,498	19,291
- Segregated accounts	6,446	4,150
Cash in hand	5	4
Short-term bank deposits		
- Pledged (<i>note</i>)	42,022	42,128
- Non-pledged	164,552	53,314
	262,726	179,757

Included in bank balances and cash in the consolidated statement of financial position are the following amounts denominated in currencies other than the functional currency of the Group to which they relate:

	30th September 2011 (unaudited)	31st March 2011 (audited)
United States Dollars	144,694	55,703
Patacas	12,079	20,583
Renminbi	2,073	-

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

11. BORROWINGS

	The Group	
	30th September 2011 (unaudited) HK\$'000	31st March 2011 (audited) HK\$'000
Borrowings comprise:		
Other loans - interest-bearing	39,524	14,134
- interest free	-	-
	39,524	14,134
Analysed as:		
Secured	39,524	14,134
Unsecured	-	-
	39,524	14,134
Borrowings are repayable as follows:		
Within one year or on demand	39,524	14,134
More than one year but not exceeding two years	-	-
More than two years but not exceeding five years	-	-
	39,524	14,134
Less: Amount repayable within one year and shown under current liabilities	39,524	14,134
Amount due after one year	-	-

11. BORROWINGS (CONTINUED)

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowing are as follows:

	30th September 2011 (unaudited)	31st March 2011 (audited)
Effective interest rates:		
Variable-rate borrowings	1.00% - 5.25%	1.00% - 5.25%

The fair value of the Group's borrowings is not materially different from the corresponding carrying amounts at the end of the reporting period

Included in borrowings are the following amount denominated in a currency other than the functional currency of the Group to which they relate:

	30th September 2011 (unaudited) US\$'000	31st March 2011 (audited) US\$'000
United States Dollars	5,079	1,815

12. CREDITORS AND ACCRUED EXPENSES

	The Group 30th September 2011 (unaudited) HK\$'000	31st March 2011 (audited) HK\$'000
Amounts payable arising from the ordinary course of business of dealing in securities and options:		
- Cash clients	21,089	44,166
Amounts payable arising from the ordinary course of business of dealing in futures contracts:		
- Clients	28,471	26,439
Amounts payable arising from the ordinary course of business of provision of securities margin financing:		
- Clients	3,376	3,015
Amounts payable arising from ordinary course of business of dealing in bullion	7,970	1,169
Escrow money received	3,286	3,286
Interest income received in advance	2	2
Accruals and other payables	7,712	7,046
Rental and other deposits received	2,565	2,499
Rental receipts in advance	371	508
	74,842	88,130

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 2011 and 31st March 2011 is non-interest bearing.

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

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend in respect of the six months ended 30th September 2011 (2010: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the six months under review, the Hong Kong equity market underwent fluctuations mainly due to tightening measures by the Mainland Government which target to cool down the overheated market. From June onwards, market sentiment was adversely affected by concerns over further monetary tightening in the Mainland as well as the economic situation in Japan post the earthquakes in mid-March and the subsequent nuclear crisis. The intensifying crisis in the Euro zone further threatened stability of the whole region and the disputes over the US debt ceiling posed further worries and challenges to global recovery. The terror threats heightened by turmoil in the Middle East and North Africa have continued to push crude oil price up, triggering further pressure on inflation and market volatility. Overall, movement on the Hang Seng Index was within a wide range over most trading days with downward adjustment more prevailing towards the end of the period. The September 2011 month end figure was 17,592 versus the March 2011 month end level of 23,528.

Despite the continuing volatile market, the Group recorded substantial increase in profit before taxation of HK\$70 million (2010: HK\$19 million) and earning per share of HK5.08 cents (2010: HK1.3 cents). The substantial increase was attributed by the disposal gain from the Group's interest in a piece of land located in Macau.

Financing

Turnover within the money lending business and securities margin financing business increased from HK\$9.2 million in 2010 to HK\$10.4 million for the period under review mainly due to the continuous low interest rate. For the six months ended 30th September 2011, the Group's gearing was 3.2%, (2010: 0.4% or 31st March 2011: 1.2%). By maintaining a low gearing, the Group managed to have a healthy financial position.

Securities and Commodities Brokerage

Turnover and profit attributable to the Group from this segment had decreased. Turnover decreased to HK\$8.4 million (2010: HK\$10.5 million). Corresponding profit attributable to the Group decreased to HK\$1.1 million from HK\$2.3 million in 2010. However, it is expected that the internet trading platform will expand the Group's business in the securities trading segment in the future.

Corporate Finance

During the period under review, the segment reported an decrease in turnover and profit attributable to the Group. Turnover decreased to HK\$0.29 million from HK\$11.9 million when compared with last year's corresponding period.

Assets Management

The Group continue 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, performance fee will increase or decrease in accordance with the client's performance. For the period under review, the segment's turnover and profit contribution to the Group was HK\$969,000 and HK\$966,000 respectively.

Property Investments

For the six months ended 30th September 2011, this segment maintained a steady growth, turnover increased by 12.4% to HK\$5.4 million. Chino Plaza (the “Plaza”) located in Macau contributes more than 90% of the Group’s rental income. The group has secured the tenancy of a convenience store, super market, fast food chain restaurant and a bank, etc, which has further enhanced the Plaza’s brand image.

Precious Metal Trading

The Group commenced precious metal business through a 75% owned subsidiary. This subsidiary provides various precious metal related services, which include physical trading, industrial product trading and financing. As a result of increasing precious metal prices, this segment recorded a turnover of HK\$85 million (2010: HK\$138 million). For the period under review, this segment reported a loss of HK\$752,000.

Prospect

Year 2011 is a dynamic year for the Group. During the six months ended 30th September 2011, the Group disposed of its 60% interest in Macau property investment. Based on the unaudited consolidated management accounts, the Group recorded a gain of approximately HK\$56 million.

In June 2011, the Group entered into a Joint Venture for the development of a piece of land located in Quanzhou. 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 about the long-term economic outlook of the PRC.

The Group will continue to identify and evaluate potential opportunities which offer attractive and stable return. Furthermore, the Group will seek for different types of expansion which will further enhance the value of the Group. Taking into account the uncertainty and current market conditions, the Group has reduced exposure to clients’ credit in order to better manage our overall credit risk. With the healthy financial fundamentals, we believed that we are more flexible and well-prepared to capture any potential opportunities arising in the volatile market in the coming future.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 30th September 2011, the Group had cash and bank balances of approximately HK\$263 million (31st March 2011: HK\$180 million) of which approximately HK\$42 million (31st March 2011: HK\$42 million) were pledged to bank for facilities granted to the Group. The Company has given guarantees to the extent of HK\$312 million (31st March 2011: HK\$303million) to secure the general banking facilities granted to subsidiaries.

As at 30th September 2011, the Group had available aggregate banking facilities of approximately HK\$328 million (31st March 2011: HK\$308 million) of which approximately HK\$308 million (31st March 2011: HK\$289 million) was not utilised.

Gearing Ratio

As at 30th September 2011, the amount of total borrowings was approximately HK\$40 million (31st March 2011: HK\$14 million). The gearing being equal to approximately 3.2 % (31st March 2011: 1.2 %) of the net assets of approximately HK\$1,232 million (31st March 2011: HK\$1,209 million).

FOREIGN CURRENCY FLUCTUATION

During the period, the Group mainly uses Hong Kong dollars, Macau Pataca, United States dollars and Renminbi 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 2011.

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 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 period.

AUDIT COMMITTEE

The audit committee of the Group consists of three independent non-executive directors, namely Mr. Chan Chung Yee, Alan, Mr. Poon Kai Tik 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 2011.

REMUNERATION COMMITTEE

The remuneration committee comprised of independent non-executive directors, Mr. Chan Chung Yee, Alan, Mr. Poon Kai Tik, 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 six months ended 30th September 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) and the Company (www.upbest.com) on 24th November 2011. The interim report for the six months ended 30th September 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
IP Man Tin, David
Chairman

Hong Kong, 24th November 2011

** 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, Dr. SZE Ping Fat as non-executive director, Mr. SUEN Man Tak, Stephen, Ms. CHENG Wai Ling, Annie and Mr. CHENG Wai Lun, Andrew as executive directors and Mr. CHAN Chung Yee, Alan, Mr. POON Kai Tik and Mr. FUK Ho Kai as independent non-executive directors.