



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 31ST MARCH 2012

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

	2012 HK\$'000	2011 HK\$'000
Net assets	1,259,311	1,208,735
Turnover	179,019	291,511
Net profit	94,984	122,180
Proposed final dividend per share	HK2.0 cents	HK2.0 cents
Proposed special dividend per share	HK1.5 cents	Nil
Earnings per share	HK7.1 cents	HK9.1 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 31st March 2012 with comparative figures for the preceding financial year as follows:

CONSOLIDATED INCOME STATEMENT

	Note	For the year ended 31 st March 2012 HK\$'000	2011 HK\$'000
Turnover	4	179,019	291,511
Cost of goods sold		(126,689)	(218,745)
Other revenue		956	853
Increase in fair value of investment properties	10	17,800	93,200
Gain on disposal of a subsidiary		56,761	-
Impairment loss on goodwill on acquisition of additional interest in a subsidiary		(617)	-
Net (loss)/gain on financial assets or liabilities at fair value through profit or loss		(22)	300
Impairment loss on trade receivables (net)	11	(4,258)	(11,348)
Gain on disposal of property, plant and equipment		-	220
Administrative and other operating expenses		(25,657)	(36,044)
Finance costs	5	(610)	(858)
Share of results of associates		(13)	6,243
Profit before taxation	6	96,670	125,332
Income tax expense	8	(1,686)	(3,152)
Profit for the year		94,984	122,180
Attributable to:			
Equity holders of the Company		95,285	122,169
Non-controlling interests		(301)	11
		94,984	122,180
Dividends	9	46,941	26,823
Earnings per share	7	HK cents	HK cents
Basic		7.1	9.1
Diluted		N/A	N/A

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the year ended 31st March	
	2012	2011
	HK\$'000	HK\$'000
Profit for the year	94,984	122,180
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u>94,984</u>	<u>122,180</u>
Attributable to:		
Equity holders of the Company	95,285	122,169
Non-controlling interests	<u>(301)</u>	<u>11</u>
	<u>94,984</u>	<u>122,180</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31st March	
	Note	2012	2011
		HK\$'000	HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		1,690	2,182
Investment properties	10	726,000	708,200
Intangible assets		2,040	2,040
Interests in associates		145,426	71,900
Available-for-sale financial assets		136	136
Trade and other receivables, deposits and prepayments	11	39,609	36,130
Other assets		5,200	5,200
		920,101	825,788
CURRENT ASSETS			
Inventories		48	2,463
Properties held for development		93,139	136,784
Trade and other receivables, deposits and prepayments	11	238,462	219,028
Amount due from a related company		-	3,946
Financial assets at fair value through profit or loss		5,347	9,070
Tax recoverable		480	686
Bank balances and cash	12	187,808	179,757
		525,284	551,734
CURRENT LIABILITIES			
Borrowings	13	38,472	14,134
Amounts due to related parties		14,915	15,122
Amount due to ultimate holding company		51,600	47,955
Financial liabilities at fair value through profit or loss		-	2,947
Creditors and accrued expenses	14	80,849	88,130
Provision for taxation		238	499
		186,074	168,787
NET CURRENT ASSETS		339,210	382,947
NET ASSETS		1,259,311	1,208,735
CAPITAL AND RESERVES			
Share capital		13,412	13,412
Reserves		1,161,454	1,113,110
Proposed final dividend	9	46,941	26,823
Equity attributable to equity holders of the Company		1,221,807	1,153,345
Non-controlling interests		37,504	55,390
TOTAL EQUITY		1,259,311	1,208,735

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 P.O. Box 309, Uglard House, Grand Cayman, KY1-1104, Cayman Islands. The principal place of business is 2nd 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 of the Company, 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 Amendment	Amendment to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards - Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters</i>
HKAS 24 (Revised)	<i>Related Party Disclosures</i>
HKAS 32 Amendment	Amendment to HKAS 32 <i>Financial Instruments: Presentation - Classification of Rights Issues</i>
HK(IFRIC) - Int 14 Amendments	Amendments to HK(IFRIC) Int-14 <i>Prepayments of a Minimum Funding Requirement</i>
HK(IFRIC) - Int 19	<i>Extinguishing Financial Liabilities with Equity Instruments</i>
<i>Improvements to HKFRSs 2010</i>	Amendments to a number of HKFRSs issued in May 2010

Other than as further explained below regarding the impact of HKFRS 24 (Revised) and *Improvements to HKFRSs 2010*, the adoption of the 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 HKFRSs are as follows:

(a) HKAS 24 (Revised) Related Party Disclosures

HKAS 24 (Revised) clarifies and simplifies the definitions of related parties. The new definitions emphasise a symmetrical view of related party relationships and clarify the circumstances in which persons and key management personnel affect related party relationships of an entity. The revised standard also introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The accounting policy for related parties has been revised to reflect the changes in the definitions of related parties under the revised standard. The adoption of the revised standard did not have any impact on the financial position or performance of the Group.

(b) *Improvements to HKFRSs 2010* issued in May 2010 sets out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments has had a significant financial impact on the financial position or performance of the Group.

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 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters</i> ¹
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities</i> ⁴
HKFRS 9	<i>Financial Instruments</i> ⁶
HKFRS 10	<i>Consolidated Financial Statements</i> ⁴
HKFRS 11	<i>Joint Arrangements</i> ⁴
HKFRS 12	<i>Disclosure of Interests in Other Entities</i> ⁴
HKFRS 13	<i>Fair Value Measurement</i> ⁴
HKAS 1 Amendments	Amendments to HKAS 1 <i>Presentation of Financial Statements</i> - <i>Presentation of Items of Other Comprehensive income</i> ³
HKAS 12 Amendments	Amendments to HKAS 12 <i>Income Taxes</i> - <i>Deferred Tax: Recovery of Underlying Assets</i> ²
HKAS 32 Amendments	Amendments to HKAS 32 <i>Financial Instruments: Presentation</i> - <i>Offsetting Financial Assets and Financial Liabilities</i> ⁵
HKAS 19 (2011)	<i>Employee Benefits</i> ⁴
HKAS 27 (2011)	<i>Separate Financial Statements</i> ⁴
HKAS 28 (2011)	<i>Investments in Associates and Joint Ventures</i> ⁴
HK(IFRIC) - Int 20	<i>Stripping Costs in the Production Phase of a Surface Mine</i> ⁴

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

- 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
⁵ Effective for annual periods beginning on or after 1st January 2014
⁶ Effective for annual periods beginning on or after 1st January 2015

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.

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 31st March 2012 and 31st March 2011 is as follows:

	Consolidated	
	2012 HK\$'000	2011 HK\$'000
Segment revenue		
Broking	15,755	21,090
Financing	20,513	19,007
Corporate finance	529	12,892
Assets management	1,740	5,941
Property investment	11,247	9,754
Precious metal trading	129,235	222,827
Investment holding	-	-
	179,019	291,511

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

a) Reportable operating segments (Cont'd)

	Consolidated	
	2012 HK\$'000	2011 HK\$'000
Segment results		
Broking	478	4,104
Financing	16,863	15,427
Corporate finance	510	2,794
Assets management	1,658	5,692
Property investment	7,684	7,458
Precious metal trading	(1,051)	704
Investment holding	-	-
	<u>26,142</u>	<u>36,179</u>
Increase in fair value of investment properties	17,800	93,200
Gain on disposal of property, plant and equipment	-	220
Gain on disposal of a subsidiary	56,761	-
Impairment loss on goodwill on acquisition of additional interest in a subsidiary	(617)	-
Bad debts written off (net)	(101)	(15)
Impairment loss on trade receivables (net)	(4,258)	(11,348)
Other revenue	956	853
Share of results of associates	(13)	6,243
Profit before taxation	<u>96,670</u>	<u>125,332</u>
Income tax expense	<u>(1,686)</u>	<u>(3,152)</u>
Profit for the year	<u>94,984</u>	<u>122,180</u>

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, Macau and People's Republic of China. 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, amounts due from associates, deposits and prepayments and other assets.

	Revenue from external customers		Non-current assets	
	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
Hong Kong	167,772	281,757	2,997	3,474
Macau	11,247	9,754	744,736	726,964
People's Republic of China	-	-	73,691	-
	<u>179,019</u>	<u>291,511</u>	<u>821,424</u>	<u>730,438</u>

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:

	2012 HK\$'000	2011 HK\$'000
Customer A ¹	48,217	73,524
Customer B ¹	18,852	N/A ²
Customer C ¹	N/A ²	47,311
	<u>67,069</u>	<u>120,835</u>

Notes:

¹ Revenue from the above customers was generated from precious metal trading segment.

² 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:

	2012	2011
Customer A	* - %	* - %
Customer B	* - %	* - %
Customer C	* - %	0.9 %
	<u>- %</u>	<u>0.9 %</u>

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

5. FINANCE COSTS

	The Group	
	2012 HK\$'000	2011 HK\$'000
Interest on bank loans and overdrafts	-	22
Interest on other loans, wholly repayable within five years	610	836
	<u>610</u>	<u>858</u>

6. PROFIT BEFORE TAXATION

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

	The Group	
	2012	2011
	HK\$'000	HK\$'000
Charging:		
Auditors' remuneration		
- current year	440	420
- prior year under-provision	10	-
	450	420
Staff costs		
- salaries, bonuses and other benefits	12,737	19,800
- contributions to retirement schemes	387	373
	13,124	20,173
Depreciation	591	657
Bad debts written off (net)	101	15
Operating leases rentals in respect of rented premises	1,779	1,953
Crediting:		
Rental income from operating leases less outgoings		
(gross rental income: HK\$ 11,246,538 (2011: HK\$ 9,754,159))	11,107	9,619

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\$95,285,000 (2011: HK\$122,169,000) and the number of 1,341,158,379 (2011: 1,341,158,379) ordinary shares in issue during the year.

There is no diluted earnings per share for the years ended 31st March 2012 and 31st March 2011 presented since the Company has no dilutive potential ordinary shares.

8. INCOME TAX EXPENSE

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

	The Group	
	2012	2011
	HK\$'000	HK\$'000
Hong Kong profits tax		
- current year	1,686	3,152

b) i) Provision for Hong Kong profits tax has been made at the rate of 16.5% (2011: 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:

	The Group	
	2012	2011
	HK\$'000	HK\$'000
Profit before taxation	96,670	125,332
Tax at the statutory income tax rate of 16.5% (2011: 16.5%)	15,951	20,679
Tax effect of increase in fair value of investment properties	(2,937)	(15,378)
Tax effect of non-taxable revenue	(11,461)	(3,133)
Tax effect of non-deductible expenses	1,660	825
Tax effect of unrecognised temporary differences	67	(22)
Tax effect of tax losses not recognised	240	982
Utilisation of tax losses previously not recognised	(1,790)	(774)
Over-provision in prior year	(44)	(71)
Over-provision in current year	-	44
Income tax expense	1,686	3,152

- d) At the end of the reporting period, the Group had unutilised tax losses of approximately HK\$63,819,000 (2011: HK\$74,474,000) 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

	2012	2011
	HK\$'000	HK\$'000
Final dividend proposed of HK2.0 cents (2011: HK2.0 cents) per ordinary share	26,823	26,823
Special dividend proposed of HK1.5 cents (2011: Nil) per ordinary share	20,118	-
	46,941	26,823

The amount of the proposed final and special dividends for the year ended 31st March 2012 of HK2.0 cents per ordinary share and HK1.5 cents per ordinary share respectively 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

	The Group	
	2012	2011
	HK\$'000	HK\$'000
Fair value:		
At 1 st April	708,200	615,000
Net increase in fair value recognised in the consolidated income statement	17,800	93,200
At 31 st March	726,000	708,200

10. INVESTMENT PROPERTIES (CONT'D)

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 2012 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\$550,000,000 (2011: HK\$540,000,000) to a bank to secure general banking facilities granted to the Group.

11. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group	
	2012	2011
	HK\$'000	HK\$'000
Amounts receivable arising from the ordinary course of business of dealing in securities and options:		
- Cash clients	18,308	26,103
- The SEHK Options Clearing House Limited	2	2
- Hong Kong Securities Clearing Company Limited ("HKSCC")	34	10,040
Amounts receivable arising from the ordinary course of business of dealing in futures contracts:		
- Clearing house	16,050	22,620
Amounts receivable arising from the ordinary course of business of provision of securities margin financing:		
- Clients (note)	77,069	72,515
Amounts receivable arising from the ordinary course of business dealing in trading of precious metal:		
- Clients	30,861	4,060
Interest-bearing loan receivables	182,159	204,152
Accounts receivables	1,203	1,300
Other receivables	45	2
	325,731	340,794
Less: Impairment loss on trade receivables	(89,034)	(95,476)
	236,697	245,318
Deposits and prepayments	41,374	9,840
	278,071	255,158
Portion classified as non-current assets	(39,609)	(36,130)
Portion classified as current assets	238,462	219,028

Note: Margin client receivables after impairment loss of approximately HK\$68,389,000 (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\$155,481,000 as at 31st March 2012 (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.

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:

	The Group	
	2012	2011
	HK\$'000	HK\$'000
At 1 st April	95,476	86,557
Amount written off as uncollectible	(10,700)	(2,429)
Impairment loss made (net)	4,258	11,348
At 31 st March	89,034	95,476

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

	2012	2011
	HK\$'000	HK\$'000
Neither past due nor impaired	217,901	228,791
Past due:		
Less than 1 month past due	8,279	6,881
1 to 3 months past due	838	3,294
3 months to 1 year past due	6,180	1,974
Over 1 year past due	3,499	4,378
	18,796	16,527
	236,697	245,318

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\$ 89,034,000 made at 31st March 2012 (2011 HK\$95,476,000). 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

	The Group	
	2012	2011
	HK\$'000	HK\$'000
Cash at bank		
- General accounts	47,099	60,870
- Trust accounts	11,407	19,291
- Segregated accounts	10,448	4,150
Cash in hand	6	4
Short-term bank deposits		
- pledged (note)	42,046	42,128
- non-pledged	76,802	53,314
	187,808	179,757

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

13. BORROWINGS

	The Group	
	2012	2011
	HK\$'000	HK\$'000
Borrowings comprise:		
Other loans		
- interest-bearing	38,472	14,134
- interest-free	-	-
	<u>38,472</u>	<u>14,134</u>
Analysed as:		
Secured	38,472	14,134
Unsecured	-	-
	<u>38,472</u>	<u>14,134</u>
Borrowings are repayable as follows:		
Within one year or on demand	38,472	14,134
More than one year but not exceeding two years	-	-
More than two years but not exceeding five years	-	-
	<u>38,472</u>	<u>14,134</u>
Less: Amount repayable within one year and shown under current liabilities	<u>(38,472)</u>	<u>(14,134)</u>
Amount due after one year	<u>-</u>	<u>-</u>

14. CREDITORS AND ACCRUED EXPENSES

	The Group	
	2012	2011
	HK\$'000	HK\$'000
Amounts payable arising from the ordinary course of business of dealing in securities and options:		
- Cash clients	25,032	44,166
Amounts payable arising from the ordinary course of business of dealing in futures contracts:		
- Clients	25,985	26,439
Amounts payable arising from the ordinary course of business of provision of securities margin financing:		
- Clients	2,934	3,015
Amounts payable arising from the ordinary course of business of dealing in bullion	3,265	1,169
Escrow money received	3,286	3,286
Interest income received in advance	-	2
Accruals and other payables	18,196	7,046
Rental and other deposits received	1,895	2,499
Rental received in advance	<u>256</u>	<u>508</u>
	<u>80,849</u>	<u>88,130</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 31st March 2012 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.

DIVIDENDS AND DISTRIBUTION

The Board has resolved to recommend the payment of a final dividend of HK2.0 cents (2011: HK2.0 cents) per ordinary share and a special dividend of HK1.5 cents (2011: Nil) per ordinary share for the year.

CLOSURE OF REGISTERS OF MEMBERS

The registers of members of the Company will be closed from 31st August 2012 to 4th September 2012, both days inclusive, during which period no transfer of shares will be registered.

In order to qualify for the proposed final and special dividends, 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 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:00 p.m. on 30th August 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the year ended 31st March 2012, the Group continues to stay focus as a specialist financial intermediary on a cost leadership approach, our six income streams, being (i) Brokerage (securities and futures) (ii) Financing, (iii) Corporate Financial Advisory, (iv) Assets Management, (v) Property Investments and (vi) Precious Metal Trading.

Revenue for the year under review surpassed HK\$179 million with after tax distributable earnings amounting to HK\$95 million, reflecting a remarkable net margin of 53%.

93.7% of current year's revenue came from Hong Kong activities (as compared to 96.7% in previous year).

Having regard to earnings per share of HK7.1 cents, and net asset value per share of HK94 cents, the shareholder fund of the Company leveraged a 25.0% ratio for earnings. This is ahead of the industry norm of 8.1% threshold. The management is committed to strive at this earnings leverage ratio, whilst going forward.

Brokerage and Financing

Brokerage and Financing are the two core activities which continuously generate positive operating cash flow since IPO and there exists no exception in the year under review, this two streams collectively achieved profits of HK\$17.3 million, representing over 65% of the Group's after tax earnings for the year.

Due to the continuing financial crisis in Europe and the slower-than-expected recovery of US economy, there had been a stagnant growth in the brokerage and financing industry. We managed to contain the revenue drop to within 10%, being HK\$36.3 million in the financial year ended 31st March 2012 as compared to HK\$40.1 million in prior year.

With proven cost efficiency, the profit shrinkage is kept in line with the revenue move, at 11% range from last year earnings of HK\$19.5 million.

Corporate Finance and Assets Management

These two inter-related segments are underperforming, with a marginal profit of HK\$2.2 million in the year, as compared to HK\$8.5 million of last year. The management has re-allocated the human resources and recruited a new team head to re-gear for further business growth.

Property Investment

This is where the Company has allocated most of the financial resources as it reveals a promising stream of earnings contribution and capital appreciation.

The current year's rental revenue was HK\$11.3 million, up from HK\$ 9.8 million from last year, with a corresponding increase in profit from HK\$7.5 million to HK\$7.7 million, representing approximately 30% of the Group's total profit for the year.

During the year, we managed to realize a gain of HK\$56.8 million from disposal of the joint venture interests in a property development project in Macau.

Encouraged by the positive cash flow and proven joint venture experience in Macau, the management has made a landmark investment in Quanzhou, PRC in June 2011. It is anticipated that the investment of the Group in this "Residential, Commercial and Hotel" project in PRC will be financed by internal resources, coupled with appropriate construction financing at the joint venture against the project development rights.

As of 31st March 2012, the Group's property portfolio includes four Macau property investment projects, two Hong Kong property investment projects and the captioned PRC project, representing 56.4% of the Group's total assets.

Precious Metal Trading

To prepare for the opportunity to gain market share, the management has reviewed its clientele portfolio, with a view to targeting at those with better growth potential and sustainability. During the transitional period, the revenue of this division was adjusted downwards by 42.0% from HK\$222.8 million (year 2011) to HK\$129.2 million in ensuing year.

Administration Performance

Along the "cost leadership" business strategy, the management has continuously maintained a lean staff team with efficiency, as evident by being able to securing the administrative expenses to revenue ratio to within 15% (year 2012, it was at 14.3%), as compared to peer's median of 34% range.

Financial Control

The gearing ratio (as measured by the total liabilities to total equity of the Group) was 14.8% in current financial year (14.0% in prior year), well within the industry norm of 35%.

The leverage ratio (being interest bearing debts to shareholder funds) was at 3.1% (1.2% in prior year), which is evident of a strong solvency position, well placing the Group to capture viable investment opportunities with more ease.

Practicing a stringent credit control policy, the Group reveal a relatively small amount of bad debts during the year, and that the interest coverage (over operating profit) reached 159 times from 147 times in prior year, a continuous pattern of financial stability.

Contingent liability to the Group's equity was 16.8% for the financial year ended 31st March 2012, further improvement from the already healthy ratio of 25.1% of last year.

Save as disclosed, the Group has no significant capital commitment, material contingent liabilities or off balance sheet obligations as at 31st March 2012.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 31st March 2012, the Group had cash and bank balances of approximately HK\$188 million (2011: HK\$180 million) of which approximately HK\$42 million (2011: HK\$42 million) were pledged to bank for facilities granted to the Group. The Company has given guarantees to the extent of HK\$212 million (2011: HK\$303 million) to secure the facilities granted to subsidiaries.

As at 31st March 2012, the Group had available aggregate banking facilities of approximately

HK\$248 million (2011: HK\$308 million) of which approximately HK\$228 million (2011: HK\$289 million) was not utilised.

Gearing Ratio

As at 31st March 2012, the amount of total borrowings was approximately HK\$38 million (2011: HK\$14 million). The gearing being equal to approximately 3.1% (2011: 1.2%) of the net assets of approximately HK\$1,259 million (2011: HK\$1,209 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 31st March 2012, 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. 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 year ended 31st March 2012.

The figures in respect of the preliminary announcement of the Group's results for the year ended 31st March 2012 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 18th July 2005 and the members comprised of independent non-executive directors, Mr. CHAN Chung Yee, Alan, Mr. POON Kai Tik and 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 31st March 2012, with deviations from code provisions A.4.1 of the Code only in respect of the service term of directors.

Except from Mr. SUEN Man Tak, Stephen, who was re-designated as non-executive director with effect from 1 June 2012, 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 two 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 22nd June 2012. The annual report for the year ended 31st March 2012 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, 22nd August 2012

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