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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 2012

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 2012 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	For the six months ended 30 th September	
		2012 (unaudited) HK\$'000	2011 (unaudited) HK\$'000
Turnover	3	35,466	110,112
Cost of goods sold		(7,790)	(83,235)
Other revenue		1,024	878
Net gain/ (loss) on financial assets or liabilities at fair value through profit or loss		503	(358)
Gain on disposal of a subsidiary		-	56,761
Goodwill on acquisition of a subsidiary written off		-	(617)
Bad debts written off (net)		-	(113)
Write back of impairment loss/(Impairment loss) on trade receivable (net)		33	(98)
Administrative and other operating expenses		(11,165)	(12,847)
Finance costs	4	(280)	(261)
Share of results of associates		369	(11)
Profit before taxation	5	18,160	70,211
Income tax expense	7	(1,043)	(2,271)
Profit for the period		17,117	67,940
Attributable to:			
Equity holders of the Company		17,145	68,139
Non-controlling interests		(28)	(199)
		17,117	67,940

CONDENSED CONSOLIDATED INCOME STATEMENT (CONTINUED)

	Note	For the six months ended 30 th September	
		2012 (unaudited) HK\$'000	2011 (unaudited) HK\$'000
Earnings per share		HK cents	HK cents
Basic	6	<u>1.28</u>	<u>5.08</u>
Diluted		<u>N/A</u>	<u>N/A</u>
Interim dividend		<u>Nil</u>	<u>Nil</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	For the six months ended 30 th September	
		2012 (unaudited) HK\$'000	2011 (unaudited) HK\$'000
Profit for the period		17,117	67,940
Other comprehensive income		-	-
Total comprehensive income for the period		<u>17,117</u>	<u>67,940</u>
Attributable to:			
Equity holders of the Company		17,145	68,139
Non-controlling interests		(28)	(199)
		<u>17,117</u>	<u>67,940</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30 th September 2012 (unaudited) HK\$'000	31 st March 2012 (audited) HK\$'000
ASSETS AND LIABILITIES			
NON-CURRENT ASSETS			
Property, plant and equipment		1,493	1,690
Investment properties	8	726,000	726,000
Intangible assets		2,040	2,040
Interests in associates		148,340	145,426
Available-for-sale financial assets		136	136
Trade and other receivables, deposits and prepayments	9	47,536	39,609
Other assets		5,200	5,200
		930,745	920,101
CURRENT ASSETS			
Properties held for development		93,279	93,139
Inventories		52	48
Trade and other receivables, deposits and prepayments	9	253,621	238,462
Financial assets at fair value through profit or loss		2,885	5,347
Tax recoverable		390	480
Bank balances and cash	10	189,969	187,808
		540,196	525,284
CURRENT LIABILITIES			
Borrowings	11	41,298	38,472
Amounts due to related parties		20,629	14,915
Amounts due to ultimate holding company		51,600	51,600
Creditors and accrued expenses	12	79,801	80,849
Dividend payable		46,941	-
Provision for taxation		1,185	238
		241,454	186,074
NET CURRENT ASSETS		298,742	339,210
NET ASSETS		1,229,487	1,259,311
CAPITAL AND RESERVES			
Share capital		13,412	13,412
Reserves		1,178,599	1,161,454
Proposed dividends		-	46,941
Equity attributable to equity holders of the Company		1,192,011	1,221,807
Non-controlling interests		37,476	37,504
TOTAL EQUITY		1,229,487	1,259,311

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 P.O. Box 309, Ugland 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.

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 2012 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 2012.

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 2012.

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

(a) Changes in accounting policy and disclosures

The Group has also adopted the following new and revised HKFRSs issued by the HKICPA. However, the adoption of these new and revised HKFRSs has had no material effect on 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
HKFRS 7 Amendments	Amendments to HKFRS 7 Financial Instruments: Disclosures - Transfers of Financial Assets
HKAS 12 Amendments	Amendments to HKAS 12 Income Taxes - <i>Deferred Tax: Recovery of Underlying Assets</i>

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) 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.

Amendments to HKFRSs	Annual improvement to HKFRSs 2009-2012 cycle ²
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities</i> ²
HKFRS 9	<i>Financial Instruments</i> ⁴
HKFRS 10	<i>Consolidated Financial Statements</i> ²
HKFRS 11	<i>Joint Arrangements</i> ²
HKFRS 12	<i>Disclosure of Interests in Other Entities</i> ²
HKFRS 13	<i>Fair Value Measurement</i> ²
HKAS 1 Amendments	Amendments to HKAS 1 <i>Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income</i> ¹
HKAS 19 (2011)	<i>Employee Benefits</i> ²
HKAS 27 (2011)	<i>Separate Financial Statements</i> ²
HKAS 28 (2011)	<i>Investments in Associates and Joint Ventures</i> ²
HKAS 32 Amendments	Amendments to HKAS 32 <i>Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities</i> ³
HK(IFRIC) - Int 20	<i>Stripping Costs in the Production Phase of a Surface Mine</i> ²

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

² Effective for annual periods beginning on or after 1st January 2013

³ Effective for annual periods beginning on or after 1st January 2014

⁴ 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.

3. TURNOVER AND OPERATING SEGMENT INFORMATION

a) Turnover

	For the six months ended	
	30 th September	
	2012	2011
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Commission and brokerage income from securities broking	3,930	7,072
Commission and brokerage income from futures broking	773	800
Interest income from		
– margin clients	4,127	3,074
– money lending	6,281	5,948
– financial institutions and others	1,439	1,372
Management and handling fees	424	558
Commission for subscribing new shares	1	42
Corporate finance advisory fees	45	248
Investment management fee	785	969
Rental and property management income	9,133	5,386
Sales of precious metal	8,528	84,643
	35,466	110,112

3. TURNOVER AND OPERATING SEGMENT INFORMATION (CONTINUED)

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, management 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 2012 and 2011 is as follows:

	Consolidated		Consolidated	
	For the six months ended 30 th September		For the six months ended 30 th September	
	2012	2011	2012	2011
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue				
Sales to external customers				
Broking	5,127	8,430		
Financing	11,847	10,394		
Corporate finance	46	290		
Assets management	785	969		
Property investment	9,133	5,386		
Precious metal trading	8,528	84,643		
Investment holding	-	-	35,466	110,112
Segment results				
Broking	(1,206)	1,147		
Financing	10,618	8,878		
Corporate finance	40	279		
Assets management	520	966		
Property investment	6,725	2,893		
Precious metal trading	37	(752)		
Investment holding	-	-	16,734	13,411
Gain on disposal of a subsidiary			-	56,761
Bad debts written off (net)			-	(113)
Goodwill on acquisition of a subsidiary written off			-	(617)
Write back of impairment loss/(Impairment loss) on trade receivable (net)			33	(98)
Other revenue			1,024	878
Share of results of associates			369	(11)
Profit before taxation			18,160	70,211
Income tax expense			(1,043)	(2,271)
Profit for the period			17,117	67,940

3. TURNOVER AND OPERATING SEGMENT INFORMATION (CONTINUED)

c) 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, amount due from associates, deposits and prepayments and other assets.

	Revenue from external customers		Non-current assets	
	For the six months ended 30 th September		As at 30 th September	As at 31 st March
	2012	2011	2012	2012
	(unaudited)	(unaudited)	(unaudited)	(audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	26,333	104,726	2,812	2,997
Macau	9,133	5,386	745,092	744,736
People's Republic of China	-	-	73,691	73,691
	<u>35,466</u>	<u>110,112</u>	<u>821,595</u>	<u>821,424</u>

4. FINANCE COSTS

	The Group	
	For the six months ended 30 th September	
	2012	2011
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Interest on bank loans and overdrafts	124	-
Interest on other loans	156	261
	<u>280</u>	<u>261</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	
	2012	2011
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Staff costs		
- Salaries (including commission), bonuses and other benefits	5,618	6,094
- contributions to retirement scheme	189	184
	<u>5,807</u>	<u>6,278</u>

5. PROFIT BEFORE TAXATION (CONTINUED)

	The Group	
	For the six months ended	
	30th September	
	2012	2011
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Depreciation	254	302
Bad debts written off	-	113
Operating leases rentals in respect of rented premises	878	901
	<hr/>	<hr/>
Crediting:		
Rental income from operating leases less outgoings		
(Gross rental income: HK\$6,655,445 (2011: HK\$5,385,745))	5,743	4,627
	<hr/>	<hr/>

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 2012 of approximately HK\$17,145,000 (2011: HK\$68,139,000) and the number of 1,341,158,379 ordinary shares (2011: 1,341,158,379 shares) in issue during the period.

There is no diluted earnings per share for the periods ended 30th September 2012 and 2011 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	
	2012	2011
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Hong Kong profits tax		
- provision for the period	1,037	2,271
Overseas tax paid	6	-
	<u>1,043</u>	<u>2,271</u>

- 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.
- iii) At 30th September 2012, the Group had unutilised tax losses of approximately HK\$74,474,000 (31st March 2012: 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 September 2012	As at 31st March 2012
	(unaudited)	(audited)
	HK\$'000	HK\$'000
Fair value:		
At 1 st April	726,000	708,200
Net increase in fair value recognized in the consolidated income statement	-	17,800
	<u>726,000</u>	<u>726,000</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 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 (31st March 2012: HK\$550,000,000) to a bank to secure general banking facilities granted to the Group.

9. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group	
	30th September 2012 (unaudited) HK\$'000	31st March 2012 (audited) HK\$'000
Amounts receivable arising from the ordinary course of business of dealing in securities and options:		
- Cash clients	14,126	18,308
- The SEHK Options Clearing House Limited	2	2
- Hong Kong Securities Clearing Company Limited (“HKSCC”)	8,576	34
Amounts receivable arising from the ordinary course of business of dealing in futures contracts:		
- Clearing house	21,467	16,050
Amounts receivable arising from the ordinary course of business of provision of securities margin financing:		
- Clients (note)	107,553	77,069
Amounts receivable arising from the ordinary course of business dealing in trading of precious metal:		
- Clients	9,169	30,861
Interest-bearing loan receivables	175,919	182,159
Accounts receivables	1,186	1,203
Other receivables	436	45
	<u>338,434</u>	<u>325,731</u>
Less: Impairment loss on trade receivables	<u>(89,002)</u>	<u>(89,034)</u>
	249,432	236,697
Deposits and prepayments	51,725	41,374
	<u>301,157</u>	<u>278,071</u>
Portion classified as non-current assets	<u>(47,536)</u>	<u>(39,609)</u>
Portion classified as current assets	<u>253,621</u>	<u>238,462</u>

note: Margin client receivables after impairment loss of approximately HK\$98,872,000 (31st March 2012: HK\$68,389,000) 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\$341,212,000 (31st March 2012: HK\$155,481,000).

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 2012 (unaudited) HK\$'000	31st March 2012 (audited) HK\$'000
Neither past due nor impaired	<u>234,494</u>	<u>217,901</u>
Past due:		
Less than 1 month past due	6,866	8,279
1 to 3 months past due	1,003	838
3 months to 1 year past due	4,178	6,180
Over 1 year past due	2,891	3,499
	<u>14,938</u>	<u>18,796</u>
	<u>249,432</u>	<u>236,697</u>

10. BANK BALANCES AND CASH

	The Group	
	30th September 2012 (unaudited) HK\$'000	31st March 2012 (audited) HK\$'000
Cash at bank		
- General accounts	25,279	47,099
- Trust accounts	13,785	11,407
- Segregated accounts	4,011	10,448
Cash in hand	6	6
Short-term bank deposits		
- Pledged (<i>note</i>)	35,000	42,046
- Non-pledged	111,888	76,802
	<u>189,969</u>	<u>187,808</u>

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 2012 (unaudited) \$'000	31st March 2012 (audited) \$'000
United States Dollars	241	140
Patacas	8	20

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 2012 (unaudited) HK\$'000	31st March 2012 (audited) HK\$'000
Borrowings comprise:		
Other loans - interest-bearing	41,298	38,472
- interest free	-	-
	<u>41,298</u>	<u>38,472</u>
Analysed as:		
Secured	41,298	38,472
Unsecured	-	-
	<u>41,298</u>	<u>38,472</u>
Borrowings are repayable as follows:		
Within one year or on demand	41,298	38,472
More than one year but not exceeding two years	-	-
More than two years but not exceeding five years	-	-
	<u>41,298</u>	<u>38,472</u>
Less: Amount repayable within one year and shown under current liabilities	41,298	38,472
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 2012 (unaudited)	31st March 2012 (audited)
Effective interest rates:		
Variable-rate borrowings	0.5% - 3.25%	0.25% - 3.75%

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 2012 (unaudited) \$'000	31st March 2012 (audited) \$'000
United States Dollars	1,452	4,960

12. CREDITORS AND ACCRUED EXPENSES

	The Group	
	30th September 2012 (unaudited) HK\$'000	31st March 2012 (audited) HK\$'000
Amounts payable arising from the ordinary course of business of dealing in securities and options:		
- Cash clients	24,327	25,032
Amounts payable arising from the ordinary course of business of dealing in futures contracts:		
- Clients	24,872	25,985
Amounts payable arising from the ordinary course of business of provision of securities margin financing:		
- Clients	1,757	2,934
Amounts payable arising from ordinary course of business of dealing in bullion	2,187	3,265
Escrow money received	3,286	3,286
Accruals and other payables	20,819	18,196
Rental and other deposits received	2,351	1,895
Rental receipts in advance	202	256
	<u>79,801</u>	<u>80,849</u>

No ageing analysis is disclosed for escrow money received as it represents deposits paid by third parties to the Group for the purpose of potential investments in certain projects and the balance at 30th September 2012 and 31st March 2012 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 2012 (2011: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Over the past six months global growth has slowed to its weakest pace since the 2009 recession, as the world's big economies have lost steam simultaneously. American output is growing at less than 2%. Growth in China, which until recently was in double digits, appears to have slowed to around 7.5%. Japan's economy almost certainly shrank in the third quarter. And the euro zone's recession shows no sign of easing. The atmosphere of global economic uncertainty is paralyzing worldwide businesses. The open and free economy, highly dependent on international trade and finance, has left Hong Kong exposed to the global economic slowdown and the road ahead is definitely challenging.

Approximately 75% of the revenue for the period under review came from Hong Kong activities (as compared to 93.7% in 31st March 2012) and the remaining contribution was derived from Macau market.

Having excluded the extraordinary gain arisen from the disposal of a subsidiary for the period, the Group recorded an increase of profit before taxation from HK\$13 million to HK\$18 million, up by 35%. Revenue for the period under review of HK\$35 million with after tax distributable earnings amounted to HK\$17 million, reflecting a net margin of 48%. The Group's performance was on track during the period with the Group delivering a steady performance despite difficult economic conditions.

Brokerage and Financing

With the severe external headwinds brought on from the global downturn, the average daily turnover of Hang Seng Index cooled significantly to HK\$33,175 million in the third quarter of 2012 from HK\$51,153 million in the same quarter of 2011, a decline of 35%.

This segment's performance was on the same track with the market performance. Brokerage operations reported a loss of HK\$1.2 million when comparing a profit with last year corresponding period.

With the continuing financial crisis in Europe and the slower-than-expected recovery of US economy, we will try to manage to contain the revenue drop for the rest of the year.

Property Investment

The segment reveals a promising stream of earnings contribution and capital appreciation. Revenue for the period under review surpassed HK\$9 million, an increase of 70%. The profit represented income derived from rental and property management service. Gross profit increased by 132% to over HK\$6 million, reflecting a gross margin of over 73%.

Precious Metal Trading

The significant decrease in the segment revenue was mainly attributed to the decrease in revenue of the industrial product trading business. The management has reviewed its clientele portfolio and is now working to target those with better growth potential and sustainability. As a result of policy shift, during the transitional period, the segment recorded a profit notwithstanding the revenue dropped by 90%.

Corporate Finance and Assets Management

These two inter-related segments are underperforming, with a marginal profit of less than a million.

Prospect

The United States launched the third round of quantitative easing measures to stimulate the local property market rally and it is evident that Hong Kong's Centa-City Leading Index (CCL) records highs at 108.17 in September 2012. With the support of low supply and interest rate factors, it is expected that property prices will continue to rise.

The markets in which the Group operates may be affected by numerous factors, many of which are beyond the Group's control and the exact effect of which cannot be accurately predicted. To cope with the volatile markets, the Group maintains the risk aversion policies and to turn the potential profitable Property Market segment from a "star" into a "cash cow".

During the period, our Property Market segment has returned a 40% profit split for the Group. Encouraged by the results, the Group will prioritize to develop the property projects both inside and outside Hong Kong and Macau in the following years.

In light of the experience from developing property investment in Macau, the Group will strategically target to develop low density residential zones and redevelopment of the old buildings for commercial use. The Group will also continue to ally with strategic partners to develop properties.

In June 2011, the Group entered into a joint venture property development in Quanzhou City, Fujian Province, China. The project has a phased development of 120,000 square meters gross floor area, comprising primarily of residential, commercial and hotel uses.

To rejuvenate Corporate Financial Advisory and Assets Management and to stimulate business growth, the Group has re-allocated human resources and re-positioned an ambitious professional team to take on challenges and opportunities ahead. It is optimistic that the move will take a fruitful result soon.

Financial markets are forward-looking and we believe that sustained monetary loosening will perk up the world economy. To grasp the investment opportunities, given the strong and healthy financial position, the Group will continue to take proactive action to enhance the organic growth of the Property Market segment, sourcing from internal resources. The Group will build on its success by continuing to address the six revenue streams with priority and control the non-value added costs, therefore striking a proper balance between sustainable profit growth and risk management.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 30th September 2012, the Group had cash and bank balances of approximately HK\$190 million (31st March 2012: HK\$188 million) of which approximately HK\$35 million (31st March 2012: 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 (31st March 2012: HK\$212million) to secure the general banking facilities granted to subsidiaries.

As at 30th September 2012, the Group had available aggregate banking facilities of approximately HK\$240 million (31st March 2012: HK\$248 million) of which approximately HK\$198 million (31st March 2012: HK\$228 million) was not utilised.

Gearing Ratio

As at 30th September 2012, the amount of total borrowings was approximately HK\$41 million (31st March 2012: HK\$38 million), the gearing being equal to approximately 3.4 % (31st March 2012: 3.1 %) of the net assets of approximately HK\$1,229 million (31st March 2012: HK\$1,259 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 2012.

EMPLOYMENT

Employees' remunerations 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 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 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. Hui Man Ho, Ivan. 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 2012.

REMUNERATION COMMITTEE

The remuneration committee comprised of independent non-executive directors, Mr. Chan Chung Yee, Alan, Mr. Poon Kai Tik, Mr. Hui Man Ho, Ivan 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 2012, with deviations from code provisions A.4.1 and A.6.7 of the Code only in respect of the service term of directors and attendance of general meetings.

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 other 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.

Mr. CHAN Chung Yee, Alan ("Mr. Chan"), an independent non-executive director who was in the hospital, and Mr. FUK Ho Kai ("Mr. Fuk"), who retired as an independent non-executive director and did not offer himself for re-election, was out of Hong Kong, did not attend the annual general meeting ("AGM") of the Company held on 27th August 2012. This constitutes a deviation from code provision A.6.7 of the Code. Apart from Mr. Chan and Mr. Fuk, all the other directors of the Company were present at the AGM to enable the board to develop a balanced understanding of the views of shareholders.

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 26th November 2012. The interim report for the six months ended 30th September 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
IP Man Tin, David
Chairman

Hong Kong, 26th November 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 director; Mr. MOK Kwai Hang, 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. HUI Man Ho, Ivan as independent non-executive directors.