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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 RESULTS FOR THE YEAR ENDED 31ST MARCH, 2016

ANNUAL RESULTS HIGHLIGHTS

	2016	2015
	HK\$'000	HK\$'000
Revenue	443,398	259,467
Profit for the year	518,201	315,417
Basic earnings per share	38.7 HK cents	23.5 HK cents
Proposed final dividend	40,235	26,823
Proposed final dividend per share	HK3.0 cents	HK2.0 cents
Proposed special dividend	-	26,823
Proposed special dividend per share	-	HK2.0 cents
Total dividends for the year	40,235	53,646
Net assets	2,188,579	1,763,058

The Board also proposes the bonus issue on the basis of one (1) bonus share for every one (1) existing ordinary share held by the shareholders on the record date.

The bonus issue shall be subject to, among others, the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the bonus shares and the shareholder's approval at the forthcoming annual general meeting ("AGM").

In order to cater for possible issue of new shares in the future, the Board proposes to increase the authorised share capital of the Company from HK\$30,000,000 divided into 3,000,000,000 shares of HK\$0.01 each to HK\$100,000,000 divided into 10,000,000,000 shares of HK\$0.01 each. The proposed increase in authorised share capital of the Company will be conditional on the approval by shareholders at the forthcoming AGM.

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, 2016 with comparative figures for the preceding financial year as follows:

CONSOLIDATED INCOME STATEMENT

		For the year ended 31st March	
	Note	2016	2015
		HK\$'000	HK\$'000
Revenue	4	443,398	259,467
Cost of goods sold		(346,741)	(182,313)
Other revenue		2,959	3,056
Net (decrease)/increase in fair value of investment properties	10	(3,000)	258,000
Net (loss)/gain on financial assets at fair value through profit or loss		(2)	206
(Provision)/write-back of impairment loss on trade receivables (net)	11	(6,585)	8,218
Gain on disposal of subsidiaries		180,835	-
Gain on disposal of an associate		282,770	-
Loss on dissolution of subsidiaries		(84)	-
Administrative and other operating expenses		(27,530)	(23,495)
Finance costs	5	(918)	(1,587)
Share of results of associates		(4,879)	(4,285)
Profit before taxation	6	520,223	317,267
Income tax expense	8	(2,022)	(1,850)
Profit for the year		518,201	315,417
Attributable to:			
Equity holders of the Company		518,309	315,407
Non-controlling interests		(108)	10
		518,201	315,417
Dividends	9	40,235	53,646
Earnings per share		HK cents	HK cents
Basic and diluted	7	38.7	23.5

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the year ended 31 st March	
	2016	2015
	HK\$'000	HK\$'000
Profit for the year	<u>518,201</u>	<u>315,417</u>
Other comprehensive loss		
Items that may be reclassified subsequently to profit or loss		
Exchange difference arising on translation of foreign operations	<u>(2,476)</u>	<u>(612)</u>
Other comprehensive loss for the year, (net of tax)	<u>(2,476)</u>	<u>(612)</u>
Total comprehensive income for the year	<u>515,725</u>	<u>314,805</u>
Attributable to:		
Equity holders of the Company	515,833	314,795
Non-controlling interests	<u>(108)</u>	<u>10</u>
	<u>515,725</u>	<u>314,805</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 31 st March	
		2016 HK\$'000	2015 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		1,156	1,146
Investment properties	10	1,246,000	1,249,000
Intangible assets		2,040	2,040
Interests in associates		57,068	108,811
Available-for-sale financial assets		136	136
Trade and other receivables, deposits and prepayments	11	42,399	59,403
Other assets		5,200	5,200
		1,353,999	1,425,736
CURRENT ASSETS			
Inventories		19	21
Properties held for development		3,011	183,961
Trade and other receivables, deposits and prepayments	11	634,512	293,250
Tax recoverable		23	69
Bank balances and cash	12	388,565	228,211
		1,026,130	705,512
CURRENT LIABILITIES			
Borrowings	13	2,689	15,529
Amounts due to related parties		2,930	7,703
Amount due to ultimate holding company		40,985	177,104
Creditors and accrued expenses	14	144,284	167,238
Provision for taxation		662	616
		191,550	368,190
NET CURRENT ASSETS		834,580	337,322
NET ASSETS		2,188,579	1,763,058
CAPITAL AND RESERVES			
Share capital		13,412	13,412
Reserves		2,135,456	1,659,778
Proposed dividends	9	40,235	53,646
Equity attributable to equity holders of the Company		2,189,103	1,726,836
Non-controlling interests		(524)	36,222
TOTAL EQUITY		2,188,579	1,763,058

NOTES ON THE CONDENSED REPORTS

1. GENERAL

Upbest Group Limited (“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, Uglan House, Grand Cayman, KY1-1104, Cayman Islands. The principal place of business is 2nd Floor, Wah Kit Commercial Centre, 300 Des Voeux Road Central, Hong Kong.

As at the date of this announcement, CCAA Group Limited held direct interests in 996,360,748 (2015: 987,720,748) shares of the Company, representing approximately 74.29% (2015: 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 consolidated financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION

The consolidated 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. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). The consolidated financial statements have been prepared under the historical cost convention except that the investment properties are stated at fair value.

3.1 ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) AND PRESENTATION OF FINANCIAL STATEMENTS

The Group has adopted the following revised standards for the first time for the current year’s financial statements.

Amendments to HKAS 19 Defined Benefit Plans: Employee Contributions
Annual improvements to HKFRSs 2010-2012 Cycle
Annual improvements to HKFRSs 2011-2013 Cycle

The adoption of the above revised standards has had no significant financial effect on these consolidated financial statements.

In addition, the Company has adopted the amendments to the Listing Rules issued by the Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact on the financial statements is on the presentation and disclosure of certain information in the consolidated financial statements.

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 consolidated financial statements.

HKFRS 9	<i>Financial Instruments</i> ¹
Amendments HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ²
Amendments HKFRS 10, HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception</i> ³
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i> ³
HKFRS 14	<i>Regulatory Deferral Accounts</i> ⁴
HKFRS 15	<i>Revenue from Contracts with Customers</i> ¹
HKFRS 16	<i>Leases</i> ⁵
Amendments to HKAS 1	<i>Disclosure Initiative</i> ³
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> ³
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i> ³
Amendments HKAS 27 (2011)	<i>Equity Method in Separate Financial Statements</i> ³
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs ³

¹ Effective for annual periods beginning on or after 1st January, 2018

² No mandatory effective date yet determined but is available for adoption

³ Effective for annual periods beginning on or after 1st January, 2016

⁴ Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1st January, 2016 and therefore is not applicable to the Group

⁵ Effective for annual periods beginning on or after 1st January, 2019

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1st April, 2018. The Group is currently assessing the impact of the standard upon adoption and expects that the adoption of HKFRS 9 will have an impact on the classification and measurement of the Group's financial assets.

HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which any entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. In September, 2015, the HKICPA issued an amendment to HKFRS 15 regarding a one-year deferral of the mandatory effective date of HKFRS 15 to 1st January, 2018. The Group expects to adopt HKFRS 15 on 1st April, 2018 and is currently assessing the impact of HKFRS 15 upon adoption.

HKFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. The standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The Group is yet to assess the full impact of the standard on its financial

position and results of operations. The standard is mandatorily effective for annual periods beginning on or after 1st April, 2019.

Amendments to HKAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:

- i) the materiality requirements in HKAS 1;
- ii) that specific line items in the statement of profit or loss and the statement of financial position may be disaggregated;
- iii) that entities have flexibility as to the order in which they present the notes to financial statements; and
- iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss. The Group expects to adopt the amendments from 1st April, 2016. The amendments are not expected to have any significant impact on the Group's financial statements.

4. REVENUE AND OPERATING SEGMENT INFORMATION

- a) Revenue:

	2016	2015
	HK\$'000	HK\$'000
Commission and brokerage income from securities broking	12,340	9,631
Commission and brokerage income from futures broking	1,449	612
Interest income from		
- margin clients	10,796	8,008
- money lending	37,128	22,655
- financial institutions and others	5,334	3,271
Management and handling fees	1,698	731
Commission for subscribing new shares	11	5
Placement and underwriting commission	27	1,522
Investment management fee and performance fee	2,726	10,900
Rental income	24,663	19,348
Sales of precious metal	347,226	182,784
	443,398	259,467

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

b) Operating segment information:

i) 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 related dealing
Precious metal trading	Precious metal trading
Investment holding	Share investments

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

b) Operating segment information: (cont'd)

i) Reportable operating segments (cont'd)

An analysis of segment information of the Group on these reportable operating segments for the years ended 31st March 2016 and 31st March 2015 is as follows:

	2016 HK\$'000	2015 HK\$'000
Segment revenue		
Broking	15,186	10,974
Financing	49,326	33,934
Corporate finance	38	1,527
Assets management	2,726	10,900
Property investment	28,848	19,348
Precious metal trading	347,274	182,784
Investment holding	-	-
	<u>443,398</u>	<u>259,467</u>
Segment results		
Broking	3,870	849
Financing	42,937	27,848
Corporate finance	31	1,397
Assets management	1,739	9,881
Property investment	23,118	14,939
Precious metal trading	(902)	(456)
Investment holding	-	-
	<u>70,793</u>	<u>54,458</u>
Net (decrease)/increase in fair value of investment properties	(3,000)	258,000
Property, plant and equipment written off	-	(9)
Gain on disposal of subsidiaries	180,835	-
Gain on disposal of an associate	282,770	-
Loss on dissolution of subsidiaries	(84)	-
Bad debts written off (net)	(807)	-
(Provision)/write-back of impairment loss on trade receivables (net)	(6,585)	8,218
Other revenue	1,180	885
Share of results of associates	(4,879)	(4,285)
Profit before taxation	<u>520,223</u>	<u>317,267</u>
Income tax expense	(2,022)	(1,850)
Profit for the year	<u>518,201</u>	<u>315,417</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.

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

b) Operating segment information: (cont'd)

ii) 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	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Hong Kong	414,351	237,498	2,555	2,525
Macau	29,047	21,969	1,246,641	1,261,022
People's Republic of China	-	-	57,068	64,146
	<u>443,398</u>	<u>259,467</u>	<u>1,306,264</u>	<u>1,327,693</u>

iii) Information about major customers

Revenue from customers of the Group for the year ended 31st March, 2016 contributing over 10% of the total revenue of the Group is as follows:

	2016 HK\$'000	2015 HK\$'000
Customer A ¹	<u>344,117</u>	<u>170,672</u>

Notes:

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

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

	2016	2015
Customer A	<u>* - %</u>	<u>* - %</u>

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

5. FINANCE COSTS

	2016 HK\$'000	2015 HK\$'000
Interest on bank loans and overdrafts	806	1,468
Interest on other loans, wholly repayable within five years	<u>112</u>	<u>119</u>
	<u>918</u>	<u>1,587</u>

6. PROFIT BEFORE TAXATION

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

	2016 HK\$'000	2015 HK\$'000
Charging:		
Auditors' remuneration		
- current year	608	433
- underprovision in prior year	<u>192</u>	<u>5</u>
	800	438
Staff costs		
- salaries, bonuses and other benefits	13,831	12,223
- contributions to retirement schemes	<u>448</u>	<u>419</u>
	14,279	12,642
Depreciation	307	341
Bad debts written off (net)	807	-
Operating leases rentals in respect of rented premises	1,636	1,881
Property, plant and equipment written off	-	9
Loss on dissolution of subsidiaries	<u>84</u>	<u>-</u>
Crediting:		
Rental income from operating leases less outgoings (gross rental income: HK\$23,510,000 (2015: HK\$19,348,000))	<u>21,669</u>	<u>17,687</u>

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\$518,309,000 (2015: HK\$315,407,000) and the number of 1,341,158,379 (2015: 1,341,158,379) ordinary shares in issue during the year.

The Company has no dilutive potential ordinary shares.

8. INCOME TAX EXPENSE

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

	2016 HK\$'000	2015 HK\$'000
Hong Kong profits tax		
- current year	2,109	1,936
- overprovision in prior year	(87)	(86)
	<u>2,022</u>	<u>1,850</u>

b) i) Provision for Hong Kong profits tax has been made at the rate of 16.5% (2015: 16.5%) on the estimated assessable profit for the year.

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

c) Income tax expense for the year can be reconciled to the profit before taxation per the consolidated income statement as follows:

	2016 HK\$'000	2015 HK\$'000
Profit before taxation	<u>520,223</u>	<u>317,267</u>
Tax at the statutory income tax rate of 16.5% (2015: 16.5%)	85,837	52,349
Tax effect of net decrease/(increase) in fair value of investment properties	495	(42,570)
Tax effect of non-taxable revenue	(82,060)	(4,216)
Tax effect of non-deductible expenses	3,355	2,111
Tax effect of unrecognised temporary differences	(19)	17
Tax effect of tax losses not recognised	171	247
Utilisation of tax losses previously not recognised	(5,849)	(6,029)
Overprovision in prior year	(87)	(86)
Overprovision in current year	179	27
Income tax expense	<u>2,022</u>	<u>1,850</u>

d) At the end of the reporting period, the Group had unutilized tax losses of approximately HK\$20,417,000 (2015: HK\$6,066,000) 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. PROPOSED DIVIDEND

	2016 HK\$'000	2015 HK\$'000
Final dividend proposed of HK3.0 cents (2015: HK2.0 cents) per ordinary share	40,235	26,823
Special dividend proposed of HK Nil cents (2015: HK2.0 cents) per ordinary share	-	26,823
	<u>40,235</u>	<u>53,646</u>

The amount of the proposed final dividend for the year ended 31st March, 2016 of HK3.0 cents per ordinary share will be payable in cash is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

10. INVESTMENT PROPERTIES

	2016 HK\$'000	2015 HK\$'000
Fair value:		
At 1 st April	1,249,000	991,000
Net (decrease)/increase in fair value recognised in the consolidated income statement	<u>(3,000)</u>	<u>258,000</u>
At 31 st March	<u>1,246,000</u>	<u>1,249,000</u>

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

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\$1,066,000,000 (2015: HK\$1,070,000,000) to a bank to secure general banking facilities granted to the Group.

11. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2016 HK\$'000	2015 HK\$'000
Amounts receivable arising from the ordinary course of business of dealing in securities and options:		
- Cash clients	9,779	14,729
- The SEHK Options Clearing House Limited	2	2
- Hong Kong Securities Clearing Company Limited	-	17,327
Amounts receivable arising from the ordinary course of business of dealing in futures contracts:		
- Clearing house	1,906	2,323
Amounts receivable arising from the ordinary course of business of provision of securities margin financing:		
- Clients (note)	120,347	111,731
Amounts receivable arising from the ordinary course of business dealing in precious metal:		
- Clients	147	-
Interest-bearing loan receivables	412,931	213,494
Accounts receivables	86	8,844
Other receivables	147,958	245
	693,156	368,695
Less: Impairment loss on trade receivables	(72,538)	(74,377)
	620,618	294,318
Deposits and prepayments	56,293	58,335
	676,911	352,653
Portion classified as non-current assets	(42,399)	(59,403)
Portion classified as current assets	634,512	293,250

Note: Margin client receivables after impairment loss of approximately HK\$117,731,000 (2015: HK\$103,620,000) are repayable on demand, bearing interest at market rate and secured by clients' securities listed on the Hong Kong Stock Exchange with a total market value of approximately HK\$318,681,000 as at 31st March, 2016 (2015: HK\$308,036,000).

Cash and securities margin financing clients arising from the business of dealing in securities are two days after trade date, and of accounts receivable arising from the business of dealing in futures contracts are one day after trade date. No ageing analysis is disclosed as in the opinion of the executive directors of the Company, the ageing analysis does not give additional value in view of the nature of this business.

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:

	2016 HK\$'000	2015 HK\$'000
At 1 st April	74,377	82,595
Provision/(write-back) of impairment loss (net)	6,585	(8,218)
Uncollectible amount written off	(8,424)	-
At 31 st March	<u>72,538</u>	<u>74,377</u>

The ageing analysis of trade and other receivables not impaired are as follows:

	2016 HK\$'000	2015 HK\$'000
Neither past due nor impaired	<u>570,286</u>	<u>271,478</u>
Past due:		
Less than 1 month past due	8,895	3,926
1 to 3 months past due	32,728	1,822
3 months to 1 year past due	6,377	15,401
Over 1 year past due	2,332	1,691
	<u>50,332</u>	<u>22,840</u>
	<u>620,618</u>	<u>294,318</u>

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

Receivables that were past due relate to a number of independent customers and were reviewed by the directors with impairment losses of approximately HK\$72,538,000 made at 31st March 2016 (2015: HK\$74,377,000). 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

	2016 HK\$'000	2015 HK\$'000
Cash at bank		
- General accounts	49,016	64,151
- Trust accounts	50,084	36,988
- Segregated accounts	2,060	1,087
Cash in hand	18	8
Short-term bank deposits		
- pledged (note)	10,000	10,000
- non-pledged	277,387	115,977
	<u>388,565</u>	<u>228,211</u>

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

13. BORROWINGS

	2016 HK\$'000	2015 HK\$'000
Borrowings comprise:		
Bank loans		
- interest-bearing	-	13,000
Other loans		
- interest-bearing	<u>2,689</u>	<u>2,529</u>
	<u>2,689</u>	<u>15,529</u>
Analysed as:		
Secured	-	-
Unsecured	<u>2,689</u>	<u>15,529</u>
	<u>2,689</u>	<u>15,529</u>
Borrowings are repayable as follows:		
Within one year or on demand	<u>2,689</u>	<u>15,529</u>

14. CREDITORS AND ACCRUED EXPENSES

	2016 HK\$'000	2015 HK\$'000
Amounts payable arising from the ordinary course of business of dealing in securities and options:		
- Cash clients	42,789	44,322
- Hong Kong Securities Clearing Company Limited	4,095	-
Amounts payable arising from the ordinary course of business of dealing in futures contracts:		
- Clients	3,962	3,409
Amounts payable arising from the ordinary course of business of provision of securities margin financing:		
- Clients	9,709	12,960
Amounts payable arising from the ordinary course of business of dealing in precious metals	157	463
Accruals and other payables	79,226	101,322
Rental and other deposits received	4,155	4,002
Rental received in advance	<u>191</u>	<u>760</u>
	<u>144,284</u>	<u>167,238</u>

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 BONUS ISSUE

The Board has recommended the payment of a final dividend of HK3.0 cents per ordinary share (2015: HK2.0 cents per ordinary share) and a special dividend of HK Nil cents (2015: HK2.0 cents per ordinary share) in respect of the year ended 31st March, 2016 to all shareholders of the Company whose name appear on the register of members of the Company on 7th September, 2016. Subject to the approval of shareholders at the forthcoming annual general meeting, the payment of the final dividend will be made on or about 30th September, 2016.

The Board also proposes the bonus issue on the basis of one (1) bonus share for every one (1) (2015: Nil) existing ordinary share held by the shareholders on the record date.

The bonus issue shall be subject to, among others, the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the bonus shares and the shareholder's approval at the forthcoming annual general meeting.

ANNUAL GENERAL MEETING

The Annual General Meeting (the "AGM") will be convened to be held on Wednesday, 31st August, 2016. The Notice of AGM will be published on the websites of the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and sent to the shareholders of the Company and together with the Company's 2016 Annual Report in due course.

CLOSURE OF REGISTER OF MEMBERS FOR AGM

The register of members of the Company will be closed from Monday, 29th August, 2016 to Wednesday, 31st August, 2016, both days inclusive, during which period no share transfers can be registered. In order to eligible to attend and vote at the AGM, all transfer, accompanied by the relevant share certificates, must be lodged with the Company's Share Registrar, in Hong Kong Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:00 p.m. on 26th August, 2016.

CLOSURE OF REGISTER OF MEMBERS FOR FINAL DIVIDEND

The register of members of the Company will be closed from Tuesday, 6th September, 2016 to Wednesday, 7th September, 2016, both dates inclusive, during which period no share transfers can be registered. In order to qualify for the proposed final dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Share Registrar, in Hong Kong Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:00 p.m. on 5th September, 2016.

CLOSURE OF REGISTER OF MEMBERS FOR BONUS ISSUE

The Board proposes to increase the share capital of the Company by capitalizing the share premium/reserves of the Company and issuing bonus shares on the basis of one (1) bonus share for every one (1) existing ordinary share (2015: Nil) held by the shareholders.

For the purpose of determining shareholders' entitlements to the bonus issue, the register of members of the Company will be closed from Tuesday, 6th September, 2016 to Wednesday, 7th September, 2016, both dates inclusive, during which period no share transfers can be registered. The record date for determination of entitlements under the bonus issue will be on Wednesday, 7th September, 2016. Shareholders whose names appear on the register of members of the Company on Wednesday, 7th September, 2016 will be entitled to receive the bonus shares. In order to qualify for the proposed bonus issue, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Share Registrar, in Hong Kong Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later

than 4:00 p.m. on 5th September, 2016.

The bonus issue shall be subject to, among others, the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the bonus shares and the shareholder's approval at the forthcoming AGM. Subject to the fulfillment of the conditions of the bonus issue, it is expected that the bonus shares will be allotted, issued and despatched to the shareholders on or about 30th September, 2016. It is expected that a circular containing, amongst others, details of the bonus issue and notice convening the forthcoming AGM will be despatched to the shareholders on or before 1st August, 2016.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

In order to cater for possible issue of new Shares in the future, the Board proposes to increase the authorised share capital of the Company from HK\$30,000,000 divided into 3,000,000,000 shares of HK\$0.01 each to HK\$100,000,000 divided into 10,000,000,000 shares of HK\$0.01 each.

The proposed increase in authorised share capital of the Company will be conditional on the approval by shareholders at the forthcoming AGM.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial and Business Review

Financial Review

For the year ended 31st March, 2016, the Group recorded revenue of HK\$443.4 million, an increase of 70.9% as compared with HK\$259.5 million in the preceding year, and the Group's profit for the year was HK\$518.2 million, an increase of 64.3% as compared with HK\$315.4 million in the preceding year.

The annual results of the Group for the year ended 31st March, 2016 recorded an increase in profit as compared with the preceding year. It was mainly attributable to the gain on disposal of the Group's investment of HK\$463.6 million incurred during year.

Business Review

Throughout the past year, the market experienced gluts of volatility like the schedule of rise in interest rate by the US Government, fears of slowdown in worldwide economy, particularly in China and European countries.

In China, the economy seemed losing its momentum soon after the mainland stock market rose to its peak in mid-June of Year 2015 as negative news and disappointing economic indicators then prevailing in the mainland indicated on subsequent quarters. One of the most prominent indicators showing the tough economic environment was the 6.9% GDP growth rate which had for the first time dropped below 7% since 1990. In addition, the collapse of China's security markets since June as well as the decision of the People's Bank of China to devalue RMB by 4.4% in August further weakened the confidence of the investors in China's economy. To support the economy and encourage the investors, the Chinese government continues to maintain an easy monetary policy and a slack fiscal policy to stabilize the economy.

The Federal Reserve in US decided to increase the interest rate to reflect their expectation of better economy in US in 2016. Furthermore, the uncertainty of the pace of rise in interest rate by the US government will also cause lots of volatility in the worldwide economy.

In most of European countries, they adopt the quantitative-easing measures as one of the major elixir to remedy the economy. Years after years, the economy of those countries does not have any signs of critical recovery.

Amid in the sluggish world economy, the property market in China, Hong Kong and Macau is also affected.

In Hong Kong, the sale in primary residential market were robust in the first half of Year 2015/16, especially for small flats. However, anticipation of further interest hikes in the US, together with increasing supply in the primary residential market, had weighed on both transaction prices and volumes thereafter.

In Mainland China, following the progressive relaxation of home-buying restrictions, overall sentiment in the property market in mid-2015 was improved with the surge of both transaction prices and volumes in the first-tier and the prime second-tier cities. However, the secondary second-tier, third- and fourth-tier cities, especially those with excess supply, have not benefited from the improving sentiment, with no sign of recovery in the transaction prices and volumes. Many of these cities still face heavy inventory pressure recently.

In Macau, gross gaming revenue continued to decline considerably throughout Year 2015/16 which has adversely affected the performance of the economy. The property market was also unfavorably impacted and the appetite for potential home purchasers was upset amid such economic environment. Consequently, transaction volumes and overall residential prices fell substantially throughout the year.

OPERATIONAL REVIEW

Brokerage and Financing

These segments are one of the core profit drivers of the Group recording the segment result HK\$46.8 million this year as compared with HK\$28.7 million in the preceding year.

Brokerage

For the year ended 31st March, 2016, this segment recorded brokerage revenue of HK\$15.2 million, an increase of 38.2% as compared with HK\$11.0 million in the preceding year. The segment result was HK\$3.9 million as compared with HK\$0.8 million in the preceding year.

During the first half of the year, affected by the China “A” share market, the ‘Mad Bull’ market appeared which boosted the Hang Seng Index to its highest point of 28,589 with the average daily turnover over HK\$150 billion. After sequential measures taken by the China Securities Regulatory Commission to cool down the overwhelming of the stock market, and the foreign investors harvested and withdrawn from the market, Hong Kong stock market dropped by 36% to the lowest point of the financial year of 18,279 on February 2016. Average daily turnover dropped to around HK\$50 billion. The low trading volume adversely affected our business in the second half of this financial year.

Financing

For the year ended 31st March, 2016, this segment recorded revenue of HK\$49.3 million, an increase of 45.4% as compared with HK\$33.9 million in the preceding year. The segment results was HK\$42.9 million as compared with HK\$27.8 million in the preceding year.

The Group’s financing segment derives its interest income from both providing securities margin financing service and money lending service.

Throughout the year, as the stock market in Hong Kong is volatile, our Group utilizes our abundant cash reserve to provide loans to customers, thereby boosting up this segment revenue and result.

Corporate Finance and Assets Management

For the year ended 31st March, 2016, this segment recorded revenue of HK\$2.8 million, a substantial decrease of 77.4% as compared with HK\$12.4 million in the preceding year. The segment result was HK\$1.8 million as compared with HK\$11.3 million in the preceding year.

The corporate finance segment contributed the least approximately HK\$0.04 million and HK\$0.03 million to the Group's revenue and segment results for the year respectively. The management will continue to focus on fund raising and pre-IPO investment.

The assets management segment recorded revenue of HK\$2.7 million, a substantial decrease of 75.2% as compared with HK\$10.9 million in the preceding year. The segment result was HK\$1.7 million as compared with HK\$9.9 million in the preceding year. The substantial decrease in both revenue and result of this segment is due to a sharp decrease in the performance fee earned during the year from acting as the investment advisor of a company listed on the Main Board of the Stock Exchange under Chapter 21 of the Listing Rules.

Precious Metal Trading

For the year ended 31st March, 2016, this segment recorded revenue of HK\$347.3 million, a sharp increase of 90.0% as compared with HK\$182.8 million in the preceding year. The segment loss was HK\$0.9 million as compared with HK\$0.5 million in the preceding year.

Property Investments

For the year ended 31st March, 2016, this segment recorded revenue of HK\$28.8 million, an increase of 49.2% as compared with HK\$19.3 million in the preceding year. The segment result was HK\$23.1 million as compared with HK\$14.9 million in the preceding year.

Property investment segment has been another driving force of the boosting financial performance of the Group particularly at the recent years of low interest rate and loose liquidity due to a couple countries adopted quantitative-easing measures. The rental income will continue to contribute to the Group a stable income stream yearly and its capital appreciation will bring a huge and considerable profit on its disposal.

The current year's rental revenue amounted to HK\$24.7 million. Segment result increase from HK\$14.9 million to HK\$23.1 million, representing approximately 32.7% of the Group's total operating profit for the year. It is contributed by the well performance on renewal of rental contracts at the prevailing market rate.

Administration Performance

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 6.2% (2015: 9.1%).

Material Disposals of Group Companies

In year 2015, Upbest Macau Land Company Limited, a wholly owned subsidiary of the Company, had entered into two conditional sale and purchase agreements in relation to the disposal of its entire equity interests and shareholder's loan in Kam Ho Investment Limited ("Kam Ho") and Pearl Star Holding Limited ("Pearl Star") to two independent third parties at an aggregated consideration of HK\$558,900,000. The primary asset of Kam Ho is a piece of land situated in Macau which Kam Ho holds 55% of the entire interests. The primary asset of Pearl Star is a piece of land situated in Macau which Pearl Star holds 45% of the entire interests. Completion of the above transactions contribute a huge gain of HK\$180.8 million and

HK\$282.8 million respectively.

The disposals are considered as an opportunity for the Group to realize its investments in properties. The sales proceeds will both be used in appropriate investment opportunities for better return for its shareholders and also robustness of the Group's cash flow as well as the resources to be deployed for our future development.

Prospect

Year 2016 will be a year full of opportunity and challenges, the volatility and the uncertainties fill up with the market like the pace of interest rate rise by the US Government, fears of slowdown in worldwide economy, particularly in China and European countries and the recent breaking sudden news of the United Kingdom withdrawal from the European Union (Brexit) which immediately caused a market crash on the day that the result is known. UK exit may signed a prolong period of uncertainty around global investment markets. The Federal Reserve may halt its plan to raise interest rate at least during the second half of 2016. This on the other hand maybe a good opportunity for Hong Kong. Since Hong Kong currency is pegged with US dollars, this may help to attract funding inflow to invest in Hong Kong.

The on-going uncertainty in the world and China economies, have all resulted in a significant uncertainty in the outlook for the business environment going forward. However, the government of China recently laid down various regulatory measures, fiscal policy and monetary policy in order to maintain the stability of the economies.

In the near term, Hong Kong's economic outlook will remain dull, as suggested by the cooling property prices. The uncertainties in regional monetary regimes will also dampen investor sentiment, our financial services and property investment businesses are inevitably affected.

Looking forward, to cope with the uncertainties, we will cautiously review and adjust our business strategies from time to time. Furthermore, with available abundant cash, our management will strive to look for better opportunity for investment to further robustness of our financial performance in order to sustain the overall business of the Group with orderly and steady growth.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 31st March, 2016, the Group had bank balance and cash of approximately HK\$388.6 million (2015: HK\$228.2 million) of which approximately HK\$10.0 million (2015: HK\$10.0 million) were pledged to bank for facilities granted to the Group. The Company has given guarantees to the extent of HK\$172.0 million (2015: HK\$172.0 million) to secure the facilities granted to subsidiaries. As at 31st March, 2016 the Group had available aggregate banking facilities of approximately HK\$188.0 million (2015: HK\$188.0 million) of which HK\$187.0 million (2015: HK\$174.0 million) was not utilized.

As at 31st March, 2016, the Group's borrowings decreased from HK\$15.5 million as at 31st March, 2015 to HK\$2.7 million.

Gearing Ratio

As at 31st March, 2016, the amount of total borrowings was approximately HK\$2.7 million (2015: HK\$15.5 million). The gearing being equal to approximately 0.1% (2015: 0.9%) of the net assets of approximately HK\$2,188.6 million (2015: HK\$1,763.1 million).

Capital Structure

As at 31st March, 2016, the total equity attributable to owners of the Company amounted to HK\$2,189.1 million (2015: HK\$1,726.8 million). The Group's consolidated net assets per share as at the reporting date was HK\$1.63 (2015: HK\$1.32).

FOREIGN EXCHANGE EXPOSURE

The Group operates in Hong Kong, Macau and the PRC and majority of transactions are denominated in Hong Kong dollars ("HK\$"), United State dollars ("US\$") and Macau Pataca. Foreign exchange risk arises from commercial transactions, recognized assets and liabilities, which are denominated in a currency that is not the functional currency of the Group and the Company.

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.

CHARGES ON GROUP ASSETS

As at 31st March, 2016, certain Group of its investment properties with aggregate value of approximately HK\$1,066,000,000 (2015: HK\$1,070,000,000) were pledged to secure general bank facilities granted to the Group.

CONTINGENT LIABILITIES

As at year ended 31st March, 2016, the Group has provided guarantee to certain financial institutions as follow:

	2016 HK\$'000	2015 HK\$'000
Guarantees given by the Company and its subsidiaries to financial institutions in respect of facilities to independent third parties	<u>4,000</u>	<u>1,000</u>
Guarantees given by the Company to financial institutions in respect of facilities granted to subsidiaries	<u>172,000</u>	<u>172,000</u>

At the end of the reporting period, the directors do not consider it probable that a claim will be made against the Group under any of the guarantees.

Of the above guarantees, the amount utilised by the subsidiaries at 31st March, 2016 is approximately HK\$1,000,000 (2015: approximately HK\$14,000,000).

The Company has not recognised any deferred income in respect of these guarantees as its fair value cannot be reliably measured and its transaction price was HK\$ Nil (2015: HK\$ Nil).

EMPLOYEES AND REMUNERATION POLICY

As at 31st March, 2016, the Group had approximately 44 staff including those staff of Macau (2015: 45). For the year ended 31st March, 2016, the staff costs of the Group amounted to approximately HK\$14.3 million (2015: HK\$12.6 million), 3.2% and 4.9% of the Group's revenue in FY2016 and FY2015 respectively.

The Group continues to maintain and upgrade the capabilities of its workforce by providing them with adequate and regular training in order to enhance their technical skills and update their industry knowledge with regards to laws and regulations.

The Group remunerates its employees mainly based on industry practices, market remuneration and individual's performance and experience. On top of regular remuneration, discretionary bonus may be granted to eligible staff by reference to the Group's performance as well as individual's performance.

The Company does not have share option scheme.

REPURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

For the year ended 31st March, 2016, 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. HUI Man Ho, Ivan. The audit committee had reviewed the financial reporting process, risk management and internal control system of the Group and the Group's consolidated financial statements for the year ended 31st March, 2016.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group's results for the year ended 31st March, 2016 have been agreed by the Group's auditor, 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 currently comprise independent non-executive directors, Mr. CHAN Chung Yee, Alan, Mr. POON Kai Tik and Mr. HUI Man Ho, Ivan and executive director, Ms. CHENG Wai Ling, Annie.

NOMINATION COMMITTEE

The Nomination Committee was set up on 16th March, 2012 and the members currently comprise independent non-executive directors, Mr. CHAN Chung Yee, Alan, Mr. POON Kai Tik and Mr. HUI Man Ho, Ivan and executive director, Ms. CHENG Wai Ling, Annie.

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.

CORPORATE GOVERNANCE

During the year, the Company has complied with all those code provisions set out in the Code on Corporate Governance Practices (“Code”) contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“Listing Rules”) except following deviations:

Pursuant to Code provisions A.4.1 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 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.

COMPLIANCE WITH THE 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 Year.

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 27th June, 2016. The annual report for the year ended 31st March, 2016 containing all the information required by the Listing Rules will be published on the website of the Company and the Stock Exchange and dispatched to shareholders in due course.

APPRECIATION

The Board would like to thank the management of the Group and all staffs for their hard work and dedication, as well as Shareholders, the Group’s business partners and associates, bankers and auditors for their supports to the Group.

By order of the Board
IP Man Tin, David
Chairman

Hong Kong, 27th June, 2016

** 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 as non-executive director, Ms. CHENG Wai Ling, Annie, Mr. CHENG Wai Lun, Andrew and Mr. MOK Kwai Hang as executive directors and Mr. CHAN Chung Yee, Alan, Mr. POON Kai Tik and Mr. HUI Man Ho, Ivan as independent non-executive directors.