

On behalf of the board of directors (the "Board") of Upbest Group Limited (the "Company") together with its subsidiaries (collectively the "Group"), I have pleasure to present to you the annual report and the audited financial statements of the Group for the year ended March 31, 2005.

Results

The Group recorded a net profit for the year attributable to shareholders of HK\$83,488,000, an increase of 119% compared with 2004 profit of HK\$38,144,000. Earnings per share were HK7.3 cents (2004: HK3.4 cents).

Dividends and distribution

The Board has resolved to recommend the payment of a final dividend of HK2.5 cents (2004: HK1 cent) per ordinary share for the year.

The Company also proposes that a scrip dividend election will be offered to shareholders with Hong Kong address. Subject to the approval of shareholders at the forthcoming annual general meeting, the proposed final dividend are expected to be paid on October 18, 2005. CCAA Group Limited, the substantial shareholder with 68.36% interest of the Company, has committed to elect to receive the final dividend in the form of scrip.

Closure of Registers of Members

The registers of members of the Company will be closed from August 15, 2005 to August 19, 2005, both days inclusive, during which period no transfer of shares will be registered.

In order to qualify for the proposed final dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrars in Hong Kong, Standard Registrars Limited, at Ground Floor, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong for registration no later than 4:00 p.m. on August 12, 2005.

Business review

The annual results for the financial year ended March 31, 2005 reflects the successful diversification program of the Group to benefit from the expected upturn in Macau's property sector over the next few years. Net profit for the year reached a record of HK\$83,488,000, this represented an increase of 119% when compared with net profit in 2004 of HK\$38,144,000. Earnings per share increased by 115% from HK3.4 cents for the year ended March 31, 2004 to HK7.3 cents. The Board recommend an increased dividend level at HK2.5 cents, an increase of over 150% of last year.

本人謹代表美建集團有限公司(「本公司」)之董事會(「董事會」)及其附屬公司(以下統稱「本集團」)，欣然提呈本集團截至二零零五年三月三十一日止年度之年報及經審核財務報表。

業績

本年度本集團錄得股東應佔淨溢利83,488,000港元，比二零零四年年度溢利38,144,000港元上升119%。每股溢利為港元7.3仙(二零零四年：港元3.4仙)。

股息及派發

董事會決議建議派發本年度末期股息，每股普通股港元2.5仙(二零零四年：港元1仙)。

公司並建議登記地址位於香港的股東可選擇以股代息。須經於即將舉行之股東週年大會獲得通過，擬派發之末期股息將於二零零五年十月十八日向股東寄發。持有公司68.36%權益之主要股東CCAA Group Limited同意選擇以股份形式收取全部可獲之末期股息。

暫停辦理過戶登記

本公司將由二零零五年八月十五日至二零零五年八月十九日，首尾兩天包括在內，暫停辦理股份過戶登記手續。

股東如欲獲派建議之末期股息，所有股份過戶文件連同有關股票須於二零零五年八月十二日下午四時前，一併送達本公司於香港之股份過戶登記處標準證券登記有限公司，地址為香港灣仔告士打道56號東亞銀行港灣中心地下，辦理過戶登記手續。

業務回顧

截至二零零五年三月三十一日止年度之全年業績反映了本集團成功推行業務多樣化計劃，並受惠於澳門物業市場預期未來數年之良好勢頭，集團錄得淨溢利83,488,000港元，較二零零四年淨溢利38,144,000港元上升119%。每股盈利由二零零四年三月三十一日之港幣3.4仙上升至港幣7.3仙，增長達115%。董事會建議調高派息至每股港幣2.5仙，較去年上升150%。

The significant improvement in profit was resulted from the concerted efforts of the Group to successfully diversify into the Macau property investments market. In accordance with the new accounting standards, the Group has recorded a fair value gain on investment properties amounting to HK\$38.6 million and a non-recurring profit of acquisition of a subsidiary incorporated in Macau amounting to HK\$15.5 million. The turnover from the Group's core financial services decreased by approximately 22%, this is due to the more prudent lending policy in the financing business and a better selection of higher quality customers and thus some consolidation in the securities, assets management and corporate finance businesses in view of the general tightening of rules and regulations of the regulatory bodies in Hong Kong.

Given the economic growth in Macau and the substantial improvement in the global investment climate, the hotel and entertainment industries, the affordability of local residents, the influx of foreign investors and tourists and the comparatively low property price levels, coupled with the planned construction of the HK-Macau-Zuhai Mega Bridge and the Chinese Government's latest 9 plus 2 policy that emphasizes the more rapid development of the West Bank of the Pearl River Delta in the future. Macau property prices in general have an upside potential of doubling in the next three to five years. The Group has therefore taken decisive steps to participate in this lucrative high growth area and quickly built up a good quality portfolio during the year.

As at March 31, 2005, the Group current portfolio consists of one piece of land which the Group intends to develop into residential/commercial building with estimated total marketable area of approximately 200,000 sq.ft. and a shopping arcade with more than 100,000 sq.ft. for retailing purposes and 51 car-parks with immediate yields. On January 3, 2005, the Group entered into an agreement to purchase a piece of land with market value of HK\$57 million at a consideration of HK\$27 million. As at March 31, 2005, the transaction had not yet completed. As a result, the Group had only recorded HK\$20 million as deposit out of the HK\$27 million.

Financing

The Group's turnover within the money lending business and margin financing activities, was similar to the previous year. Net profit within this segment decreased by approximately 8% mainly due to an increase in staff costs and investment into client acquisition and business expansion activities. The Group was able to reduce the provision for doubtful debts from HK\$13.6 million to HK\$1.8 million, representing a decline of 87% when compared with the corresponding year of 2004, by the implementation of advanced risk management control system.

仗倚本集團上下一致的努力，本集團成功擴展業務至澳門物業投資市場，溢利因此而顯著進步。根據新實行之會計準則，本集團因投資物業公平價值錄得38,600,000港元收益及因收購位於澳門成立之附屬公司所產生單次性收益達15,500,000港元。本集團之主要財務服務營業額下跌約22%，主因為本集團採納較保守之財務業務借貸政策及選擇優質客戶，同時由於監管機構一般規則及條例之收緊，本集團對證券、資產管理及企業融資業務進行了一些統一整合。

隨着澳門經濟增長及全球投資氣候顯著改善，酒店及娛樂事業，本土居民之消費能力，外國投資者及遊客的蜂擁而至及相對較低之物業價格，配合港珠澳大橋之發展計劃及中央政府近期九加二的政策，均有助於珠江三角洲西岸之未來發展。澳門之物業價格於未來三年至五年間有雙倍上升空間，因此，本集團採取決定性的一步，參與此有利可圖的高增值領域，同時於年內快速地建立了優質的組合。

於二零零五年三月三十一日，本集團近期之組合包括一幅土地，本集團計劃發展成住宅/商業樓宇，總建築面積約為200,000平方呎及一以零售為主題、能帶來即時回報、面積超過100,000平方呎之商場及五十一個車位。於二零零五年一月三日，本集團簽署一協議以27,000,000港元購入一幅市值57,000,000港元的土地，於二零零五年三月三十一日交易尚未完成。因此，本集團只確認27,000,000港元中的20,000,000港元為按金。

財務

本集團貸款融資業務及孖展融資活動營業額之表現與去年相約。這部分之稅前淨溢利下跌約8%，主要是由於人力成本上升及於客戶收購及拓展業務活動之投資。由於實施更嚴謹之風險管理控制系統，本集團能夠將呆壞帳撥備由13,600,000港元減少至1,800,000港元，對比二零零四年同期下跌87%。

Securities Brokerage

The broking segment recorded a turnover of HK\$16.1 million, a decrease of around HK\$3.3 million, approximately 17%, compared to HK\$19.4 million achieved in the previous year. This was mainly caused by keen competitions with the financial institutions and decrease in the rate of commission brokerage which has led to the decrease in turnover and net profit.

Corporate Finance

The instability in the Middle East and the fiscal measures taken by the Chinese Central Government to cool down the economy in 2004 had depressed the securities cash market, capital-raising and corporate finance activities. According to the recently published Annual Report of the Listing Committee of the HKEx, there was only a total of 44 companies newly listed during the 54 weeks period covered by the report comparing to 67 for the previous period. To a large extent, the earnings performance of this segment depends greatly on market conditions and hence the turnover of this business segment decreased approximately 91% from that of the previous year.

Assets Management

The Group was the investment manager of two companies listed on the Main Board of the Stock Exchange under Chapter 21 (Investment Companies) of the Rules Governing the Listing of Securities and four other institutional clients. Total asset value under our management exceeded HK\$860 million during the year.

Property Investment

Chino Plaza located at Macau Peninsula central was acquired during the first quarter of 2005, which comprises gross floor area of more than 100,000 sq.ft. retail shops plus 51 carparking spaces, started to contribute to the turnover and profit of this new business segment. In addition, as at March 31, 2005, the Group portfolio also consists of one piece of land which the Group intends to develop into residential / commercial building with estimated total marketable area of approximately 200,000 sq.ft. The book value of the current property investment portfolio amounting to HK\$214 million. On January 3, 2005, the Group entered into an agreement to purchase a piece of land with market value of HK\$57 million at a consideration of HK\$27 million. As at March 31, 2005, the transaction had not yet completed. As a result, the Group had only recorded HK\$20 million as deposit out of the HK\$27 million.

Prospect

Financial services will remain the core business of the Group. However, in view of the growing challenge and changes in the securities market, a more prudent approach has been adopted in order to reduce undue financial risks while upgrading the quality of customers and improving customer services can be achieved. To enable the Group to achieve the necessary growth momentum and to maximize the financial returns to our shareholders, the Group has capitalized on the experience and knowledge

證券經紀

經紀業務錄得營業額16,100,000港元，下跌約3,300,000港元，對比去年19,400,000港元下跌約17%。營業額及淨溢利之下跌主要是由金融機構激烈的競爭及佣金比率下跌造成。

企業融資

二零零四年中東政局不穩及中央政府施行的宏觀調控不但令證券現貨市場活動減慢，同時也對籌集資金及企業活動有一定影響。根據聯交所上市委員會近期刊發之年報，期內五十四個星期，新上市之公司只共四十四間對比去年同期的六十七間。由於企業融資收入受市場影響較大，因此該部份之營業額較去年下跌約91%。

資產管理

本集團為兩家根據上市規則21章(投資公司)於聯交所主板上市的公司及其他四家企業客戶的投資經理，管理資產總值超過860,000,000港元。

物業投資

於二零零五年第一季，本集團收購了位於澳門島之信和廣場，商舖總面積超過100,000平方呎及51個車位，並已開始對這新業務貢獻營業額及溢利。此外，於二零零五年三月三十一日，本集團近期之組合同時包括一幅土地而本集團計劃發展成住宅/商業樓宇，總建築面積約為200,000平方呎，此等物業投資組合之帳面值超過214,000,000港元。於二零零五年一月三日，本集團簽署一協議以27,000,000港元購入一幅市值57,000,000港元的土地，於二零零五年三月三十一日交易尚未完成。因此，本集團只確認27,000,000港元中的20,000,000港元為按金。

展望

財務服務仍為本集團之主要業務，但鑑於證券市場之持續挑戰及轉變，本集團採納較保守之策略以減少過渡的財政風險，更同時提升客戶之質素及進一步加強客戶服務。為能讓集團配合相應增長的勢頭及盡可能地增加集團股東之財務回報，本集團憑藉管理層過往之經驗及知識，成功於年內拓展至澳門物業投資市場。本

of the Management and successfully diversified into the Macau property investments markets during the year. The excellent financial results for the year confirm the foresight and ability of the Management in the timely capturing of opportunities that lie in the future upturn of the Macau economy and this will bring satisfactory financial returns to all our shareholders.

To counteract with the effect of the more challenging and difficult market conditions in the securities and financing business that the industry at large is facing, the Group took some proactive steps to expand and improve the quality of income from loans and financial services businesses. During the year, the Group had entered into a restructuring agreement in order to acquire Gold Face Finance Limited, a company which principally engaged in the provision of second mortgage loans and personal loans. The transaction is expected to be completed in late 2005 and we believe that the interest income being generated will become a steady income stream for the Group. Furthermore, given the reasonable and attractive price level at which the respective company would be acquired, the Group may realize some healthy gains in the future.

The Group will continuously on the lookout for new investment opportunities that will strengthen both the financial services and Macau property market with the objective to maximize shareholders' benefit. We are confident that the Group is well positioned to develop our core businesses on the path of Hong Kong's economic recovery and seize new growth opportunities in Macau to build a healthy financial position.

Financial review

Liquidity and Financial Resources

As at March 31, 2005, the Group had cash and bank balances of approximately HK\$98 million (2004: HK\$91 million) of which approximately HK\$63 million (2004: HK\$63 million) were pledged to bank for facilities granted to the Group. The Company has given guarantees to the extent of HK\$173 million (2004: HK\$173 million) to secure the general banking facilities granted to subsidiaries.

As at March 31, 2005, the Group had available aggregate banking facilities of approximately HK\$283 million (2004: HK\$283 million) of which approximately HK\$144 million (2004: HK\$127 million) was not utilised.

Gearing Ratio

As at March 31, 2005, the amount of total bank borrowings was approximately HK\$151 million (2004: HK\$156 million), being equal to approximately 38% (2004: 90%) of the net assets of approximately HK\$399 million (2004: HK\$174 million).

年度出色的財務表現確定了管理層能適時地把握澳門未來經濟利好前景的知識及能力。此舉將為我們所有股東帶來滿意的財務回報。

為緩減業內因證券及財務業務日益增加的挑戰及艱難的市場環境，集團已採取若干前轟的措施以擴展及提高由借貸所產生之收入及財務服務業務之質素。年內，集團簽署了一重組協議以收購均來財務有限公司（一家主要提供二按及個人貸款業務的公司）。交易預期將於二零零五年年底完成，同時我們相信此舉所帶來之利息收入將成為本集團一項穩定的收入來源。再者，考慮到上述公司是以合理及吸引的價格作出收購，未來，集團或能變現部分可觀的收益。

集團將持續尋求能壯大金融服務及澳門物業市場業務之新投資機會以符合能盡可能地擴大我們股東利益之目標。我們相信本集團已妥善地定位並能在香港經濟復甦的過程中發展本身的主要業務，與此同時，掌握澳門新發展機會以建立更穩健之財政狀況。

財務回顧

流動資金及財務資源

於二零零五年三月三十一日，本集團現金及銀行結餘共約98,000,000港元（二零零四年：91,000,000港元），而其中約63,000,000港元（二零零四年：63,000,000港元）乃抵押予銀行以取得銀行信貸。本公司亦為其附屬公司給予擔保達173,000,000港元（二零零四年：173,000,000港元），以取得一般銀行信貸。

於二零零五年三月三十一日，本集團可動用總銀行信貸約283,000,000港元（二零零四年：283,000,000港元），其中約144,000,000港元（二零零四年：127,000,000港元）並未動用。

債務率

於二零零五年三月三十一日，本集團之銀行信貸合共151,000,000港元（二零零四年：156,000,000港元），相對資產淨值約399,000,000港元（二零零四年：174,000,000港元）債務率約為38%（二零零四年：90%）。

The Group continues to keep a good relationship with our banker. The Group's available banking facilities remain the same and has sufficient fund to meet its operation requirements.

Credit Control

The Group has been practicing tight credit control policy. A credit committee composed of two Directors and two senior management 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.

During the year, there is a substantial decrease of provision for doubtful debts from HK\$13.6 million to HK\$1.8 million because of the implementation of tightened policies. The provision of last year represents three of our debtors who were not able to meet their commitment to repay upon demand. These three margin clients had pledged their shares to secure the debts, however, those pledged shares had been suspended and is still not resumed trading yet. The provision for the current year represents mainly the amount due from two other debtors and interest accrued for these three debtors.

Foreign Currency Fluctuation

The Board believes that the foreign exchange risk is minimal as the Group mainly uses Hong Kong dollars to carry out its business transactions.

Employment

Employees' remuneration are fixed and determined with reference to the market remuneration.

Share Option

The Company does not have share option scheme.

Appreciation

The Board would like to take this opportunity to express our appreciation to the continued dedication of the management, staff and to all shareholders, customers and banker for their support of our Group.

On behalf of the Board

Dr. Wong King Keung, Peter

Chairman

Hong Kong, July 18, 2005

本集團與往來銀行持續保持良好關係。集團可動用之銀行融資額度保持不變及擁有充裕資金應付營運。

信貸監控

本集團遵行嚴謹之信貸監控。一個由兩位董事及兩位高級管理層組成之信貸監控小組負責監督信貸批核。日常業務中之貸款活動則參照內部監控手冊所訂定之嚴格程式。

本年度，因應嚴格政策的實施，呆壞帳撥備較二零零四年大幅度由1,360萬港元下跌至180萬港元。前年的撥備代表三位借貸人並未能夠符合承諾依時償還貸款。雖然上述借貸人已經就其貸款以證券作擔保，但是由於該些作擔保之證券被停牌，至今仍未恢復交易。本年的撥備主要代表兩位其他借貸人和該三位借貸人的累計利息。

外幣波動

董事會相信，由於本集團主要以港元進行商業交易，所承受外匯風險極低。

僱傭

僱員之薪酬按市場薪酬而釐定。

購股權

本公司並無購股權計劃。

鳴謝

董事會謹藉此機會衷心感謝各管理人員、員工、所有股東、顧客及往來銀行對本集團之鼎力支援。

承董事會命

黃景強博士

主席

香港，二零零五年七月十八日