

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 31st March, 2006.

Results

The Group recorded a net profit for the year attributable to equity holders of the Company of HK\$155,296,000, an increase of 86% compared with 2005 profit of HK\$83,488,000. Earnings per share were HK12.5 cents (2005: HK7.3 cents).

Dividends and distribution

The Board has resolved to recommend the payment of a final dividend of HK2.8 cents (2005: HK2.5 cents) 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 is expected to be paid on 3rd November, 2006. CCAA Group Limited, the substantial shareholder with 69.31% 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 7th August, 2006 to 11th August, 2006, 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 Share Registrars in Hong Kong, Standard Registrars Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:00 p.m. on 4th August, 2006.

Business review

The annual result for the financial year ended 31st March, 2006 reflects the early stage of profit realisation arising from the successful diversification program of the Group to benefit from the upturn in Macau's property sector, and the acquisition of certain quality loan portfolio at good price. Net profit for the financial year reached a record of over HK\$155 million, an increase of 86% when compared with last financial year net profit of HK\$83 million. Earnings per share for the year ended 31st March, 2006 increased by 71% from HK7.3 cents to HK12.5 cents.

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二零零六年三月三十一日止年度之年報及經審核財務報表。

業績

本年度本集團錄得本公司權益持有人應佔淨溢利155,296,000港元，比二零零五年年度溢利83,488,000港元上升86%。每股溢利為港元12.5仙(二零零五年：港元7.3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2.8仙(二零零五年：港元2.5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二零零六年十一月三日向股東寄發。持有公司69.31%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

本公司將由二零零六年八月七日至二零零六年八月十一日，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二零零六年八月四日下午四時前，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，地址為香港灣仔皇后大道東28號金鐘匯中心26樓，辦理過戶登記手續。

業務回顧

截至二零零六年三月三十一日止財政年度之年度業績反映了本集團初步受惠於澳門物業市場向好及以優惠價格收購若干優質貸款組合之成效，同時印證了本集團成功推行業務多樣化。於本財政年度錄得淨溢利超過155,000,000港元，較上一個財政年度之淨溢利83,000,000港元增加86%。截至二零零六年三月三十一日止年度之每股溢利由港元7.3仙增加至港元12.5仙，增幅達71%。

The significant improvement in profit resulted from the concerted efforts of the Group to diversify successfully into the Macau property market and to expand horizontally in the financial services sector. During the year, two major transactions took place. The Group sold 40% equity interest in a subsidiary incorporated in Macau for development with a reasonable profit and successfully acquired Gold Face Finance Limited ("GFF") at an attractive price.

Financing

Turnover within the money lending business and margin financing activities improved significantly. Turnover within this segment increased by approximately 42% mainly due to increases in interest rates and business expansion activities. At the beginning of 2005, in order to acquire GFF, the Group entered into a restructuring agreement together with the scheme prepared under section 166 of the Companies Ordinance, Chapter 32 of the Laws of Hong Kong. The completion of the acquisition of the entire share capital of GFF took place on 22nd September, 2005. Since then, GFF continues to generate steady interest income for the Group. On 16th November, 2005, GFF received a writ of summons issued by True Gold Investments Limited as 2nd defendant, with Gold-Face Enterprises Limited, an independent third party, as the 1st defendant. According to the legal advice received by the Group, the allegations in the statement of claim are vague and not properly particularised, it is therefore the opinion of the Board that the matter should not have any material adverse impact on the business operations and financial performance of the Group.

With the improvement of the market conditions and together with certain appropriate measures taken, the Group was able to collect over HK\$18 million which had been provided for as bad debts in previous years.

Securities and Commodities Brokerage

During the year, the brokerage segment recorded a turnover of HK\$15 million, a slight decrease of less than 5% when compared with the figure in the previous financial year.

Property Investment

In the first quarter of 2005, the Group acquired Chino Plaza for HK\$127,500,000, a premium shopping center situated at a prime location in Macau Peninsula Island with a gross floor area of over 100,000 sq.ft. designated for retail spaces, plus 51 carparking spaces. For the financial year ended 31st March, 2006, the rental income amounted to over HK\$3 million which represented approximately 4% of the Group's total turnover. During the year, the Group sold 40% interest in a subsidiary whose business is principally engaged in Macau property development for a profit of HK\$18.1 million.

憑藉本集團上下一心之努力，本集團成功推展業務至澳門物業市場，並橫向擴展金融服務之業務，溢利因此而顯著增加。年內，本集團進行了兩項主要交易。本集團已出售一家於澳門註冊成立經營地產發展之子公司之40%股權，賺取了合理之利潤，並成功以優惠之價格收購均來財務有限公司（「均來財務」）。

財務

借貸融資業務及孖展融資業務之營業額顯著增加。此項分類之營業額增加約42%，主要由於利率上升及業務擴展。於二零零五年初，本集團根據香港法例第32章公司條例第166條訂立重組協議以收購均來財務。本集團於二零零五年九月二十二日完成收購均來財務全部股本。自此，均來財務不斷為本集團帶來穩定的利息收入。於二零零五年十一月十六日，均來財務收到True Gold Investments Limited發出之入稟狀，均來財務為第二答辯人，均來企業有限公司（為獨立第三者）是第一答辯人。根據本集團取得之法律意見，由於申訴書未能明確及具體地作出指控，因此董事會認為有關事宜不會為本集團之業務營運及財政表現帶來重大不利影響。

由於市況好轉，再配合多項適當之措施，本集團已收回於過往年度列作壞帳之款項超過18,000,000港元。

證券及期貨經紀

於年內，經紀業務錄得營業額15,000,000港元，較上一個財政年度之數字輕微下跌少於5%。

物業投資

於二零零五年首季，本集團收購位於澳門島核心地區之優質購物中心信和廣場，作價127,500,000港元。信和廣場設有總樓面面積超過100,000平方呎之零售店舖及51個車位。截至二零零六年三月三十一日止財政年度，租金收入超過3,000,000港元，佔本集團總營業額約4%。年內，本集團已出售一家主要於澳門從事物業發展之子公司之40%權益，獲利18,100,000港元。

During the year, the Group further entered into two joint ventures for acquisitions of retail space at Treasure Garden and a site known as lot C7 in Macau. The Group together with a well-known US investment fund acquired the shopping mall of Treasure Garden for HK\$140 million and the Group has 25% interest. The other is the joint project with the US investment fund and a syndicate that composes of several renowned Macau property developers in developing a site which is located near the famous Macau Tower named Lot C7 with an estimated market value of HK\$1.28 billion. The Group has 10% interest in the joint venture.

Corporate Finance

For the financial year ended 31st March, 2006, turnover of this business segment increased approximately 71% to HK\$2.2 million from HK\$1.3 million when compared with the previous financial 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 Listing Rules, plus one other institutional client. The total value of asset value under our management exceeded HK\$470 million during the year. The decrease in the total asset under management is due to our change of policy to serve higher quality customers.

Prospect

To drive growth momentum and to maximise financial returns to our shareholders in the future, the Group has successfully diversified into the Macau property sector and expanded of the financing business horizontally during the year. Rental income and interest income are now becoming steady income stream and provide positive cash flow to the Group on constant basis.

With the positive outlook in gold and precious metals on global basis and the presence of unique management skills in the business within the Group, Management have decided to collaborate with major players in the market such as Johnson Matthey, Standard Bank, Wing Hang Bank, Bank of China and Mitsui Precious Metals and commenced supply of gold, silver, other precious metals and salts to serve the jewellery, electroplating and related industries since April 2006. The business is expected to make reasonable contribution to the Group's turnover and profit in the coming financial years.

In order to expand our brokerage business, the Group has set up a new branch in Yuen Long district since May 2006. There have been a steady increase of new customer base and business.

於年內，本集團亦成立兩家合資公司以收購位於澳門百利寶花園之零售店舖及一個名為C7地段之地盤。本集團與一所美國著名投資基金公司收購百利寶花園之商場，作價140,000,000港元，本集團佔25%權益。另一項為本集團連同美國投資基金公司及由多家澳門著名物業發展商組成之財團合作之共同發展項目，以共同發展鄰近著名澳門旅遊塔名為C7地段之地盤，估計市值為12.8億港元。本集團於合資公司佔10%權益。

企業融資

截至二零零六年三月三十一日止財政年度，此項業務之營業額由上一個財政年度之1,300,000港元增加至2,200,000港元，增加約71%。

資產管理

本集團為兩家根據上市規則第21章(投資公司)於聯交所主板上市之公司及一家其他機構客戶之投資經理。本集團於年內所管理之資產總值超過470,000,000港元。本集團所管理之資產總值減少主要由於本集團改變政策以投放資源於較高質素之客戶。

展望

本集團為增長及擴大將來對股東之財務回報，已成功於年內將業務推展至澳門物業市場，並橫向擴展金融業務。租金收入及利息收入現時為本集團帶來穩定之收入來源，並提供穩定之正數現金流量。

鑑於全球黃金及貴金屬之前景理想，加上本集團現有之獨特業務管理技巧，管理層決定與莊信萬豐、英國標準銀行、永亨銀行、中國銀行及Mitsui Precious Metals等市場主要機構合作，由二零零六年四月起開始提供黃金、銀、其他貴金屬及鹽，為珠寶、電鍍及相關行業提供服務。預期此項業務可於未來財政年度為本集團之營業額及溢利帶來合理貢獻。

為擴展經紀業務，本集團於二零零六年五月在元朗開設新分行，提供穩定之新客戶基礎及業務增長。

The Board will continue to adopt a prudent business policy in strengthening the existing products and services while carefully and aggressively to look for new and prosperous business opportunities in enhancing a healthy growth of the Group. The Board is confident that the above-mentioned developments will strengthen our financial position for continuing growth in the long term.

In recent years, the Board has already planted the seeds for the Group's long term successful growth. We are confident that the shareholders will be happy to see some more fruits to mature and rewards to be harvested in 2006 and years beyond. The Management will not be contented with the current success but continue to seek for new and excellent opportunities that will nurture further development and constant growth of the Group in the future.

Financial review

Liquidity and Financial Resources

As at 31st March, 2006, the Group had cash and bank balances of approximately HK\$112 million (2005: HK\$98 million) of which approximately HK\$65 million (2005: HK\$63 million) were pledged to bank for facilities granted to the Group. The Company has given guarantees to the extent of HK\$233 million (2005: HK\$173 million) to secure the general banking facilities granted to subsidiaries.

As at 31st March, 2006, the Group had available aggregate banking facilities of approximately HK\$343 million (2005: HK\$283 million) of which approximately HK\$242 million (2005: HK\$144 million) was not utilised.

Gearing Ratio

As at 31st March, 2006, the amount of total borrowings was approximately HK\$278 million (2005: HK\$151 million), being equal to approximately 49% (2005: 38%) of the net assets of approximately HK\$566 million (2005: HK\$399 million).

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.

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.

董事會將繼續採用審慎之業務政策以加強現有產品及服務，並積極尋求具理想業務前景之新商機，以促進本集團穩健發展。董事會深信上述發展於長遠而言將可壯大本集團之財政狀況以作持續發展。

近年，董事會不斷為本集團之長遠發展投放資源，本集團深信股東將可於二零零六年及未來目睹成果，並取得理想回報。管理層不會只滿足於現有成績，並將繼續物色更佳商機，為本集團尋求進一步發展及於未來締造穩定增長。

財務回顧

流動資金及財務資源

於二零零六年三月三十一日，本集團現金及銀行結餘共約112,000,000港元（二零零五年：98,000,000港元），而其中約65,000,000港元（二零零五年：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233,000,000港元（二零零五年：173,000,000港元），以取得一般銀行信貸。

於二零零六年三月三十一日，本集團可動用總銀行信貸約343,000,000港元（二零零五年：283,000,000港元），其中約242,000,000港元（二零零五年：144,000,000港元）並未動用。

債務率

於二零零六年三月三十一日，本集團之信貸合共278,000,000港元（二零零五年：151,000,000港元），相對資產淨值約566,000,000港元（二零零五年：399,000,000港元）債務率約為49%（二零零五年：38%）。

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。

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。

Employment

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

Share Option

The Company does not have share option scheme.

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.

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, 20th July, 2006

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。

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。

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，二零零六年七月二十日