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 2015

UPBEST GROUP LIMITED is an investment holding with subsidiaries principally engaged in the provision of a wide range of financial services including securities broking, futures broking, securities margin financing, money lending, corporate finance advisory, assets management, precious metal trading and also property investment.

Performance Highlights

	2015 **HK$'000**	2014 HK$'000
Net assets	**1,763,058**	1,496,535
Turnover	**259,467**	83,927
Net profit	**315,417**	164,656
Proposed final dividend per share	**HK2.0 cents**	HK2.0 cents
Proposed special dividend per share	**HK2.0 cents**	HK1.6 cents
Earnings per share	**HK23.5 cents**	HK12.3 cents

RESULTS

The Board of Directors (the "Board") of Upbest Group Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31st March 2015 with comparative figures for the preceding financial year as follows:

CONSOLIDATED INCOME STATEMENT

	Note	For the year ended 31st March **2015** **HK$'000**	2014 HK$'000
Turnover	4	**259,467**	83,927
Cost of goods sold		**(182,313)**	(22,387)
Other revenue		**3,056**	1,241
Net increase in fair value of investment properties	10	**258,000**	127,000
Net gain on financial assets at fair value through profit or loss		**206**	117
Write-back of impairment loss on trade receivables (net)	11	**8,218**	5,748
Administrative and other operating expenses		**(23,495)**	(24,061)
Finance costs	5	**(1,587)**	(1,108)
Share of results of associates		**(4,285)**	(4,386)
Profit before taxation	6	**317,267**	166,091
Income tax expense	8	**(1,850)**	(1,435)
Profit for the year		**315,417**	164,656
Attributable to:			
Equity holders of the Company		**315,407**	164,910
Non-controlling interests		**10**	(254)
		315,417	164,656
Dividends	9	**53,646**	48,282
Earnings per share	7	**HK cents**	HK cents
Basic and diluted		**23.5**	12.3

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the year ended 31st March	
	2015	2014
	HK$'000	HK$'000
Profit for the year	**315,417**	164,656
Other comprehensive (loss)/income		
Items that may be reclassified subsequently to profit or loss		
Exchange difference arising on translation of foreign operations	**(612)**	1,297
Other comprehensive (loss)/income for the year, net of tax	**(612)**	1,297
Total comprehensive income for the year	**314,805**	165,953
Attributable to:		
Equity holders of the Company	**314,795**	166,207
Non-controlling interests	**10**	(254)
	314,805	165,953

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 31st March 2015 HK$'000	2014 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,146**	1,362
Investment properties	10	**1,249,000**	991,000
Intangible assets		**2,040**	2,040
Interests in associates		**108,811**	114,192
Available-for-sale financial assets		**136**	136
Trade and other receivables, deposits and prepayments	11	**59,403**	68,177
Other assets		**5,200**	5,200
		1,425,736	1,182,107
CURRENT ASSETS			
Inventories		**21**	25
Properties held for development		**183,961**	149,128
Trade and other receivables, deposits and prepayments	11	**293,250**	258,738
Tax recoverable		**69**	117
Bank balances and cash	12	**228,211**	186,818
		705,512	594,826
CURRENT LIABILITIES			
Borrowings	13	**15,529**	76,098
Amounts due to related parties		**7,703**	1,101
Amount due to ultimate holding company		**177,104**	112,074
Creditors and accrued expenses	14	**167,238**	90,243
Provision for taxation		**616**	882
		368,190	280,398
NET CURRENT ASSETS		**337,322**	314,428
NET ASSETS		**1,763,058**	1,496,535
CAPITAL AND RESERVES			
Share capital		**13,412**	13,412
Reserves		**1,659,778**	1,398,629
Proposed dividends	9	**53,646**	48,282
Equity attributable to equity holders of the Company		**1,726,836**	1,460,323
Non-controlling interests		**36,222**	36,212
TOTAL EQUITY		**1,763,058**	1,496,535

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, Ugland 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 987,720,748 shares of the Company, representing approximately 73.65% of the issued share capital of the Company.

The Company is principally engaged in investment holding. Its subsidiaries are principally engaged in the provision of a wide range of financial services including securities broking, futures broking, securities margin financing, money lending, corporate finance advisory, assets management, precious metal trading and also property investment.

The financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The financial statements have been prepared under the historical cost convention except that the investment properties are stated at fair value.

3.1. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The HKICPA has issued a number of revised standards and a new interpretation, which are effective for the accounting period beginning on 1st April 2014, as follows:

HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS27 (2011) – *Investment Entities*
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*
HKAS 36 Amendments	Amendments to HKAS 36 *Impairment to Assets – Recoverable Amount Disclosures for Non-Financial Assets*
HKAS 39 Amendments	Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement – Recognition and Meaurement – Novation of Derivatives and Continuation of Hedge Acounting*
HK(IFRIC)- Int 21	*Levies*

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

3.2. ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements:

HKFRS 9	*Financial Instruments*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	*Investment entities: Applying the consolidation exception*[2]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[2]
HKFRS 14	*Regulatory Deferral Accounts*[3]
HKFRS 15	*Revenue from Contracts with Customers*[4]
Amendments to HKAS 1	*Disclosure initiatives*[2]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[2]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*[2]
Amendments to HKAS 19	*Defined Benefit Plans: Employee Contributions*[5]
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*[2]
Annual Improvements 2010 – 2012 Cycle	Amendments to a number of HKFRSs[5]
Annual Improvements 2011 – 2013 Cycle	Amendments to a number of HKFRSs[5]
Annual Improvements 2012 – 2014 Cycle	Amendments to a number of HKFRSs[2]

[1] Effective for annual periods beginning on or after 1st January 2018
[2] Effective for annual periods beginning on or after 1st January 2016
[3] 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
[4] Effective for annual periods beginning on or after 1st January 2017
[5] Effective for annual periods beginning on or after 1st July 2014

3.2. ISSUED BUT NOT YET EFFECTIVE HKFRSs (CONT'D)

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.

HKFRS 15 establishes a new five-step model that will apply to 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. The Group expects to adopt HKFRS 15 on 1st April 2017 and is currently assessing the impact of HKFRS 15 upon adoption.

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application but is not yet in a position to state whether these new and revised HKFRSs would have any significant impact on its results of operations and financial position.

4. TURNOVER AND OPERATING SEGMENT INFORMATION

a) Turnover:

	The Group	
	2015	2014
	HK$'000	HK$'000
Commission and brokerage income from securities broking	**9,631**	8,588
Commission and brokerage income from futures broking	**612**	972
Interest income from		
- margin clients	**8,008**	6,898
- money lending	**22,655**	16,487
- financial institutions and others	**3,271**	3,023
Management and handling fees	**731**	714
Commission for subscribing new shares	**5**	1,147
Corporate finance advisory fees	**-**	60
Placement and underwriting commission	**1,522**	2,816
Investment management fee and performance fee	**10,900**	1,739
Rental income	**19,348**	18,415
Sales of precious metal	**182,784**	23,068
	259,467	83,927

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 dealing
Precious metal trading	Precious metal trading
Investment holding	Share investments

4. TURNOVER 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 2015 and 31st March 2014 is as follows:

	The Group	
	2015	2014
	HK$'000	HK$'000
Segment revenue		
Broking	**10,974**	10,274
Financing	**33,934**	26,408
Corporate finance	**1,527**	4,023
Assets management	**10,900**	1,739
Property investment	**19,348**	18,415
Precious metal trading	**182,784**	23,068
Investment holding	**-**	-
	259,467	83,927
Segment results		
Broking	**849**	(854)
Financing	**27,848**	19,726
Corporate finance	**1,397**	3,954
Assets management	**9,881**	855
Property investment	**14,939**	14,130
Precious metal trading	**(456)**	(1,131)
Investment holding	**-**	-
	54,458	36,680
Net increase in fair value of investment properties	**258,000**	127,000
Property, plant and equipment written off	**(9)**	-
Bad debts written off	**-**	(192)
Write-back of impairment loss on trade receivables (net)	**8,218**	5,748
Other revenue	**885**	1,241
Share of results of associates	**(4,285)**	(4,386)
Profit before taxation	**317,267**	166,091
Income tax expense	**(1,850)**	(1,435)
Profit for the year	**315,417**	164,656

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. TURNOVER 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	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**237,498**	63,637	**2,525**	2,719
Macau	**21,969**	20,290	**1,261,022**	1,002,864
People's Republic of China	**-**	-	**64,146**	69,223
	259,467	83,927	**1,327,693**	1,074,806

iii) Information about major customers

Revenue from customers of the Group for the year ended 31st March 2015 contributing over 10% of the total revenue of the Group is as follows:

	2015	2014
	HK$'000	HK$'000
Customer A[1]	**170,672**	**20,539**

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:

	2015	2014
Customer A	* **- %**	* - %

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

5. FINANCE COSTS

	The Group	
	2015	2014
	HK$'000	HK$'000
Interest on bank loans and overdrafts	**1,468**	784
Interest on other loans, wholly repayable within five years	**119**	324
	1,587	1,108

6. PROFIT BEFORE TAXATION

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

	The Group	
	2015	2014
	HK$'000	HK$'000
Charging:		
Auditors' remuneration		
- current year	**433**	542
- underprovision in prior year	**5**	21
	438	563
Staff costs		
- salaries, bonuses and other benefits	**12,223**	12,554
- contributions to retirement schemes	**419**	420
	12,642	12,974
Depreciation	**341**	474
Bad debts written off	**-**	192
Operating leases rentals in respect of rented premises	**1,881**	2,031
Property, plant and equipment written off	**9**	14
Crediting:		
Rental income from operating leases less outgoings (gross rental income: HK$19,348,000 (2014: HK$18,415,000))	**17,687**	17,117

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$315,407,000 (2014: HK$164,910,000) and the number of 1,341,158,379 (2014: 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:

	The Group	
	2015	2014
	HK$'000	HK$'000
Hong Kong profits tax		
- current year	**1,936**	1,539
- overprovision in prior year	**(86)**	(104)
	1,850	1,435

b) i) Provision for Hong Kong profits tax has been made at the rate of 16.5% (2014: 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:

	The Group	
	2015	2014
	HK$'000	HK$'000
Profit before taxation	**317,267**	166,091
Tax at the statutory income tax rate of 16.5% (2014: 16.5%)	**52,349**	27,405
Tax effect of net increase in fair value of investment properties	**(42,570)**	(20,955)
Tax effect of non-taxable revenue	**(4,216)**	(4,305)
Tax effect of non-deductible expenses	**2,111**	1,914
Tax effect of unrecognised temporary differences	**17**	17
Tax effect of tax losses not recognised	**247**	217
Utilisation of tax losses previously not recognised	**(6,029)**	(2,783)
Overprovision in prior year	**(86)**	(104)
Overprovision in current year	**27**	29
Income tax expense	**1,850**	1,435

d) At the end of the reporting period, the Group had unutilised tax losses of approximately HK$6,066,000 (2014: HK$43,775,000) available for offsetting against future taxable profits. No deferred tax asset has been recognised due to the unpredictability of future taxable profits. The tax losses may be carried forward indefinitely.

9. DIVIDEND

	2015	2014
	HK$'000	HK$'000
Final dividend proposed of HK2.0 cents (2014: HK2.0 cents) per ordinary share	**26,823**	26,823
Special dividend proposed of HK2.0 cents (2014: HK1.6 cents) per ordinary share	**26,823**	21,459
	53,646	48,282

The amount of the proposed final and special dividends for the year ended 31st March 2015 of HK2.0 cents per ordinary share and HK2.0 cents per ordinary share respectively will be payable in cash is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

10. INVESTMENT PROPERTIES

	The Group	
	2015	2014
	HK$'000	HK$'000
Fair value:		
At 1st April	**991,000**	864,000
Net increase in fair value recognised in the consolidated income statement	**258,000**	127,000
At 31st March	**1,249,000**	991,000

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$1,070,000,000 (2014: HK$837,000,000) to a bank to secure general banking facilities granted to the Group.

11. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group	
	2015	2014
	HK$'000	HK$'000
Amounts receivable arising from the ordinary course of business of dealing in securities and options:		
- Cash clients	**14,729**	8,698
- The SEHK Options Clearing House Limited	**2**	2
- Hong Kong Securities Clearing Company Limited	**17,327**	8,329
Amounts receivable arising from the ordinary course of business of dealing in futures contracts:		
- Clearing house	**2,323**	1,617
Amounts receivable arising from the ordinary course of business of provision of securities margin financing:		
- Clients (note)	**111,731**	81,318
Amounts receivable arising from the ordinary course of business dealing in trading of precious metal:		
- Clients	**-**	4,454
Interest-bearing loan receivables	**213,494**	243,767
Accounts receivables	**8,844**	1,214
Other receivables	**245**	824
	368,695	350,223
Less: Impairment loss on trade receivables	**(74,377)**	(82,595)
	294,318	267,628
Deposits and prepayments	**58,335**	59,287
	352,653	326,915
Portion classified as non-current assets	**(59,403)**	(68,177)
Portion classified as current assets	**293,250**	258,738

Note: Margin client receivables after impairment loss of approximately HK$103,620,000 (2014: HK$73,208,000) 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$308,036,000 as at 31st March 2015 (2014: HK$245,897,000).

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:

	The Group	
	2015	2014
	HK$'000	HK$'000
At 1st April	**82,595**	88,343
Write-back of impairment loss (net)	**(8,218)**	(5,748)
At 31st March	**74,377**	82,595

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

	2015	2014
	HK$'000	HK$'000
Neither past due nor impaired	**271,478**	256,251
Past due:		
Less than 1 month past due	**3,926**	3,476
1 to 3 months past due	**1,822**	1,406
3 months to 1 year past due	**15,401**	1,641
Over 1 year past due	**1,691**	4,854
	22,840	11,377
	294,318	267,628

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$74,377,000 made at 31st March 2015 (2014: HK$82,595,000). Based on past experience, the directors of the Company are of the opinion that no further impairment loss is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are considered fully recoverable.

12. BANK BALANCES AND CASH

	The Group	
	2015	2014
	HK$'000	HK$'000
Cash at bank		
- General accounts	**64,151**	40,126
- Trust accounts	**36,988**	35,241
- Segregated accounts	**1,087**	1,047
Cash in hand	**8**	10
Short-term bank deposits		
- pledged (note)	**10,000**	10,000
- non-pledged	**115,977**	100,394
	228,211	186,818

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

13. BORROWINGS

	The Group	
	2015	2014
	HK$'000	HK$'000
Borrowings comprise:		
Bank loans		
- interest-bearing	**13,000**	70,000
Other loans		
- interest-bearing	**2,529**	6,098
	15,529	76,098
Analysed as:		
Secured (note 10)	**-**	59,008
Unsecured	**15,529**	17,090
	15,529	76,098
Borrowings are repayable as follows:		
Within one year or on demand	**15,529**	76,098

14. CREDITORS AND ACCRUED EXPENSES

	The Group	
	2015	2014
	HK$'000	HK$'000
Amounts payable arising from the ordinary course of business of dealing in securities and options:		
- Cash clients	**44,322**	38,972
Amounts payable arising from the ordinary course of business of dealing in futures contracts:		
- Clients	**3,409**	2,661
Amounts payable arising from the ordinary course of business of provision of securities margin financing:		
- Clients	**12,960**	3,264
Amounts payable arising from the ordinary course of business of dealing in bullion	**463**	136
Accruals and other payables	**101,322**	41,706
Rental and other deposits received	**4,002**	3,293
Rental received in advance	**760**	211
	167,238	90,243

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.

15. SUBSEQUENT EVENT

On 13th January 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 at 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. The expected completion date will be on or before 31st July 2015.

DIVIDENDS AND DISTRIBUTION

The Board has resolved to recommend the payment of a final dividend of HK2.0 cents (2014: HK2.0 cents) per ordinary share and a special dividend of HK2.0 cents (2014: HK1.6 cents) per ordinary share for the year.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 27th August 2015 to 28th August 2015, both days inclusive, during which period no transfer of shares will be registered.

In order to qualify for the proposed final and special dividends, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Share 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 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

In FY2015, extremely loose global liquidity coupled with the weakening worldwide economic risks continued to play a crucial role in asset value appreciation. As a result, equity and property markets rebounded whilst borrowing costs came down further in response to expectations of interest rates staying low for longer.

The global economic situation is still volatile and weak in growth momentum. Monetary conditions in the Eurozone and emergent markets were set to remain accommodative with central banks providing further targeted long-term financing operations along with the implementation of sovereign quantitative easing. Although the policy stimulus was implemented to ease the worst of the danger, the road is still far away from a steady recovery.

Compared with other developed countries including Japan and the European Union, the US economy would undoubtedly have a more robust recovery. The labor market data had been improving with new non-farm payroll of more than 200,000 levels and the unemployment rate remained unchanged at low level of 5.5%. Other economic indicators such as consumer confidence, housing starts and other data were at moderate level of growth. Although the labor market was stable, slight incremental wage increase and low labor force participation rate (below 63%) demonstrated that the low unemployment rate was considered as the result of decrease of the people from the labor force, not reflecting strong economic rebound.

In China, the government cut the economic growth target to 7 percent, representing the lowest official target in more than a decade. Incentive measures and policies including reduction in interest rate, relaxation of Home Purchasing Restriction policy, increase of investment in infrastructure, and internationalization of Renminbi were launched to energize the declining economic growth momentum.

Benefited with capital inflows and the launch of the Shanghai-Hong Kong Stock Connect since November 2014, Hong Kong Hang Seng Index witnessed a zigzag uptrend to the highest points of 25,113 in March 2015. The average daily turnover for the first three months of 2015 was HK$86,426 million, an increase of 27 per cent when compared with HK$68,318 million for the same period last year.

In Macau, policy restrictions have remained in place in the property market to curb speculation. End-user demand for properties has maintained its strength despite further tightening of mortgage lending rules in 2014. Tighter mortgage policies aimed at curbing runaway home prices may freeze a hot property market in the short term, but will do little to bring down prices that have kept the average homebuyer out.

OPERATIONAL REVIEW

The Group continues to stay focus as a diversified financial intermediary on the six income streams, being (i) Brokerage (securities and futures), (ii) Financing, (iii) Corporate Financial Advisory, (iv) Assets Management, (v) Precious Metal Trading and (vi) Property Investments.

For the year under review, the Group's turnover surpassed HK$259 million with after tax distributable earnings amounting to HK$315 million, reflecting a remarkable net margin of 121%. Approximately 92% of current year's turnover came from Hong Kong activities as compared to 76% in FY2014.

Compared to FY2014, the operating profit soared to HK$54 million from HK$37 million, an increase of 46%. Amid the profit contributing factors, the net increase in market value of investment properties reached a record high of HK$258 million compared to HK$127 million in FY2014 and HK$138 million in FY2013.

Having regard to earnings per share of HK23.5 cents (being profit after tax over total number of issued shares) and net asset value per share of HK131.5 cents (being net assets over total number of issued shares), the Group leveraged at a 0.9% of debt to equity ratio. The management is committed to strive at this earnings leverage ratio, whilst going forward.

Brokerage and Financing

These segments are inseparable arms and the core contributors of the Group. Prior year targeting high net worth retail customers proved a successful business strategy. During the year, these segments achieved profits of HK$29 million, representing over 53% of the Group's operating profits.

The amount of margin financing increased multifold as the Group stepped up touting loan packages for keen investors amid the stock rally.

Amid the bullish sentiment, new brokerage accounts and the percentage of mainland clients are expected to grow up and so resources is re-allocated to the IT infrastructure and enhance its efficiency to cope with the increasing transactions.

Corporate Finance and Assets Management

Both segments offer valuable chances for the Group to promote brand name and facilitate the increase in broking clientele and transactions and thus always play crucial roles in one-stop financial services business.

The Corporate Finance segment barely contributed approximately HK$1.5 million and HK$1.4 million to the Group's turnover and operating profit for the year respectively. The management will continue to focus for fund raising and pre-IPO investment.

Acting as the investment advisor of a company listed on the Main Board of the Stock Exchange under Chapter 21 of the Listing Rules, the Assets Management segment earned a substantial amount of performance fee this year. It contributed the total revenue of HK$10.9 million (2014: HK$1.7 million), is in 5 times increase.

Precious Metal Trading

The Group provides a one-stop precious metal service, which includes physical trading, industrial product trading and financing. This segment is in the mature stage of life cycle with characteristics of slow growth of profit margin and high turnover.

During the year, after the fine-tuning of clientele portfolio, the segment' performance had great improvement in term of turnover and operating results. It recorded a turnover of over HK$182 million and operating losses of HK$456,000, representing 6.9 times increase in turnover and reduction of loss of 60% decrease compared to last year.

Property Investments
Property investment segment has long been the driving force of the booming financial performance of the Group especially at the era of low interest rate and loose liquidity. Thus it reveals a promising stream of earnings contribution and capital appreciation.

The current year's rental revenue was HK$19 million with a corresponding increase in profit from HK$14 million to HK$15 million, representing approximately 27% of the Group's total operating profit for the year. Factors supporting that well performance comprised the renewal of rental contracts at the prevailing market rate and fine-tune clientele portfolio.

Chino Plaza in Macau accounted for over 81% of the rental income of this segment. The progress of Yuen Long property development project is satisfactory.

The property investment in Quanzhou, Fujian, Mainland China is another astute property portfolio management to find the property investment that fits the rate of return the Group desire and also to diversify tolerance for risk of the Group in an unproven area if it holds the potential for huge growth. The second phase of commercial and residential property development had been launched.

In 2014, total GDP generated in Fujian was 2.4 trillion yuan, while GDP per capita was over US$10,000, ranking eighth among provinces in China. The Fujian free trade zone is strategically positioned on the western side of the Taiwan Straits and it intensified economic cooperation across the Taiwan Straits. The management believes that the hot demand for high quality of commercial and residential properties will increase accordingly as Taiwanese business people will frequently travel and stay in Fuijian.

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 9% (2014: 28%).

Financial Control
The leverage ratio (being interest bearing debts to shareholder funds) was at 0.9% (2014: 5.1%), which demonstrates a strong solvency position, well placing the Group to capture viable investment opportunities with more ease.

Practicing a stringent credit control policy, the Group reveals a relatively small amount of bad debts during the year and takes an arduous task to salvage and reclaim irrecoverable debts of $8 million with the improvement of market conditions. The interest coverage (as measured by earning before interest and taxation over finance costs) reached 200 times from 150 times in prior year, a continuous pattern of financial stability.

Material Acquisition and Disposals of Group Companies
On 13th January 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 at 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. The transactions and realized gain are expected to be completed and recorded in FY2016.

The disposal is considered as an opportunity for the Group to realize its investments in the properties. The proceeds will not only use in other appropriate investment opportunities for better return for its shareholders but also strengthen the cash flow of the Group as well as reallocate its resources for future development.

Prospect

Looking ahead into FY2016, there have been several positive surprises – the sharp oil price decline has been sustained; more extensive ease monetary policies being launched and rises in short-term policy rates look further down the road. All of these should be net positives for global economic growth as well as the Group's sustainable organic growth.

The U.S. is expected to tighten rates during 2015 and the consensus remains that U.S. rates will rise probably in third quarter. The resurgent dollar and the prospect of U.S. interest rate hikes will divert capital away from the emerging markets. With more than sufficient cash reserve and low gearing ratio, the Group can take this opportunity to create shareholders' value by investment and acquisition in Hong Kong, China or overseas.

The management believes that with the US presidential election in November 2016, global equity markets will usually perform well one year before that.

Despite of the advantageous global recovery, Hong Kong also takes advantage of the emerging China market to maintain its competitiveness as an international financial center. The long-anticipated Shenzhen-Hong Kong Stock Connect Scheme would be the next important project to push forward after the implementation of mutual fund recognition scheme in July 2015. Furthermore, the central government's New Silk Road plan as a golden chance for Hong Kong, which could act as its core financial centre for capital raising.

The management believes that many investment funds and investors are still underweight on Hong Kong equities in the past few years and now they realize this market is being re-rated as mainland liquidity floods in. Thus, it is forecasted that Hong Kong equity market stayed volatile, but uptrend remained intact. We expect that the Group will benefit from the increase in the turnover of the Hong Kong equities market.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 31st March 2015, the Group had cash and bank balances of approximately HK$228 million (2014: HK$187 million) of which approximately HK$10 million (2014: HK$10 million) were pledged to bank for facilities granted to the Group. The Company has given guarantees to the extent of HK$172 million (2014: HK$173 million) to secure the facilities granted to subsidiaries.

As at 31st March 2015, the Group had available aggregate banking facilities of approximately HK$188 million (2014: HK$189 million) of which approximately HK$174 million (2014: HK$115 million) was not utilized.

Gearing Ratio

As at 31st March 2015, the amount of total borrowings was approximately HK$16 million (2014: HK$76 million). The gearing being equal to approximately 0.9% (2014: 5.1%) of the net assets of approximately HK$1,763 million (2014: HK$1,497 million).

FOREIGN CURRENCY FLUCTUATION

During the year, the Group mainly uses Hong Kong dollars, Macau Pataca and United States dollars to carry out its business transactions. The Board considers the foreign currency exposure is insignificant.

EMPLOYEE'S INFORMATION
As at 31st March 2015, the Group had approximately 45 staff including those staff of Macau (2014: 43). For the year ended 31st March 2015, the staff costs of the Group amounted to approximately HK$13 million (2014: HK$13 million), 5% and 15% of the Group's turnover in FY2015 and FY2014 respectively.

Employees' remuneration are fixed and determined with reference to the market remuneration. The Group provides on-going training to the staff in order to enhance their technical skills and update their industry knowledge with regards to laws and regulations.

SHARE OPTION
The Company does not have share option scheme.

REPURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES
For the year ended 31st March 2015, 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 with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the financial statements of the Group for the year ended 31st March 2015.

The figures in respect of the preliminary announcement of the Group's results for the year ended 31st March 2015 have been agreed by the Group's auditors, Li, Tang, Chen & Co, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Li, Tang, Chen & Co in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Li, Tang, Chen & Co on the preliminary announcement.

REMUNERATION COMMITTEE
The Remuneration Committee was set up on 18th July 2005 and the members 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. During the past one year, the remuneration committee had two meetings.

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. During the past one year, the nomination committee had two meeting.

CODE ON CORPORATE GOVERNANCE PRACTICES
The Company has complied with the Code throughout the year ended 31st March 2015, with deviations from code provisions A.4.1 of the Code only 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.

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 June 2015. The annual report for the year ended 31st March 2015 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 June 2015

** For identification purpose only*

As at the date of this announcement, the Board of the Company consists of Mr. IP Man Tin, David as chairman and non-executive director, Dr. SZE Ping Fat and Mr. SUEN Man Tak, Stephen as non-executive directors, Mr. CHENG Wai Lun, Andrew, Ms. CHENG Wai Ling, Annie 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.