UPBEST GROUP LIMITED
美建集團有限公司*

(Incorporated in Cayman Islands with limited liability)
(Stock Code: 335)

ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

RESULTS

The Board of Directors (the "Board") of Upbest Group Limited (the "Company") is pleased to present the unaudited interim consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2016 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	For the six months ended 30 September 2016 (unaudited) HK$'000	2015 (unaudited) HK$'000
Turnover	3	**197,734**	116,674
Cost of goods sold		**(144,789)**	(69,017)
Other revenue		**341**	1,492
Gain on disposal of subsidiaries		**-**	181,281
Gain on disposal of an associate		**-**	282,770
Loss on dissolution of subsidiaries		**-**	(84)
Gain on disposal of property, plant and equipment		**3**	-
Net gain / (loss) on financial assets at fair value through profit or loss		**5**	(3)
(Provision) / write-back of impairment loss on trade receivables (net)		**(220)**	28
Administrative and other operating expenses		**(14,678)**	(13,906)
Finance costs	4	**(62)**	(496)
Share of results of associates		**(1,987)**	(2,421)
Profit before taxation	5	**36,347**	496,318
Income tax expense	7	**(1,811)**	(1,380)
Profit for the period		**34,536**	494,938
Attributable to:			
Equity holders of the Company		**34,539**	494,968
Non-controlling interests		**(3)**	(30)
		34,536	494,938

CONDENSED CONSOLIDATED INCOME STATEMENT (CONTINUED)

	Note	For the six months ended 30 September 2016 (unaudited)	2015 (unaudited)
Earnings per share	6	**HK cents**	HK cents
Basic and Diluted		**1.29**	18.45
Interim dividend		**Nil**	Nil

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	For the six months ended 30 September 2016 (unaudited) HK$'000	2015 (unaudited) HK$'000
Profit for the period		**34,536**	494,938
Other comprehensive expense			
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations		**(1,679)**	(1,568)
Other comprehensive expense for the period, net of tax		**(1,679)**	(1,568)
Total comprehensive income for the period		**32,857**	493,370
Attributable to:			
Equity holders of the Company		**32,860**	493,400
Non-controlling interests		**(3)**	(30)
		32,857	493,370

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**30 September 2016 (unaudited) HK$'000**	31 March 2016 (audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,153**	1,156
Investment properties	8	**1,246,000**	1,246,000
Intangible assets		**2,040**	2,040
Interests in associates		**53,402**	57,068
Available-for-sale financial assets		**136**	136
Trade and other receivables, deposits and prepayments	9	**54,597**	42,399
Other assets		**5,200**	5,200
		1,362,528	1,353,999
CURRENT ASSETS			
Inventories		**24**	19
Properties held for development		**3,011**	3,011
Financial assets at fair value through profit or loss		**110,000**	-
Trade and other receivables, deposits and prepayments	9	**594,733**	634,512
Tax recoverable		**24**	23
Bank balances and cash	10	**372,573**	388,565
		1,080,365	1,026,130
CURRENT LIABILITIES			
Borrowings	11	**3,387**	2,689
Amounts due to related parties		**8,423**	2,930
Amount due to ultimate holding company		**63,269**	40,985
Creditors and accrued expenses	12	**184,140**	144,284
Provision for taxation		**2,473**	662
		261,692	191,550
NET CURRENT ASSETS		**818,673**	834,580
NET ASSETS		**2,181,201**	2,188,579
CAPITAL AND RESERVES			
Share capital	13	**26,823**	13,412
Reserves		**2,154,905**	2,135,456
Proposed dividends		**-**	40,235
Equity attributable to equity holders of the Company		**2,181,728**	2,189,103
Non-controlling interests		**(527)**	(524)
TOTAL EQUITY		**2,181,201**	2,188,579

NOTES ON THE CONDENSED FINANCIAL STATEMENTS

1. GENERAL

The Company is a public limited company incorporated in the Cayman Islands with its shares listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of its registered office is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The principal place of business is 2nd Floor, Wah Kit Commercial Centre, 300 Des Voeux Road Central, Hong Kong.

The Company is principally engaged in investment holding. Its subsidiaries are principally engaged in the provision of a wide range of financial services including securities broking, futures broking, securities margin financing, money lending, corporate finance advisory, assets management, property investment and precious metal trading. The financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company.

Basis of preparation

The unaudited condensed consolidated interim financial statements for the six months ended 30th September 2016 has 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 Standard ("HKAS") 34, 'Interim financial reporting' issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The unaudited condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2016.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 March 2016.

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

(a) Adoption of revised HKFRSs

The Group has also adopted the following revised HKFRSs issued by the HKICPA. The adoption of these revised HKFRSs has had no significant effect on these unaudited condensed consolidated financial statements.

HKFRS 14	*Regulatory Deferral Accounts* [3]
Amendment to HKFRS 11	*Accounting for acquisitions of interests in joint operations*
Amendments to HKAS 16 and HKAS 38	*Clarification of acceptable methods of depreciation and amortization*
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*
Amendment to HKAS 27 (2011)	*Equity method in separate financial statements*
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment entitles: applying the consolidation exception*
Amendments to HKAS 1	*Disclosure initiative*
Annual Improvements 2012 – 2014 Cycle	*Amendments to a number of HKFRSs*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) 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 unaudited condensed consolidated financial statements:

Amendments to HKAS 12	*Income taxes* [2]
Amendments to HKAS 7	*Statement of cash flows* [2]
HKFRS 15	*Revenue from Contracts with Customers* [1]
HKFRS 9	*Financial Instruments* [1]
HKFRS 16	*Leases* [4]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or contribution of assets between an investor and its associate or joint venture* [5]

[1] Effective for annual periods beginning on or after 1 January 2018
[2] Effective for annual periods beginning on or after 1 January 2017
[3] Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group
[4] Effective for annual periods beginning on or after 1 January 2019
[5] Originally intended to be effective for annual periods beginning on or after 1 January 2016. The effective date has now been deferred.

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.

3. TURNOVER AND OPERATING SEGMENT INFORMATION

a) Turnover

	For the six months ended 30 September	
	2016 (unaudited) HK$'000	2015 (unaudited) HK$'000
Commission and brokerage income from securities broking	**3,739**	8,504
Commission and brokerage income from futures broking	**635**	816
Interest income from		
– margin clients	**5,475**	5,525
– money lending	**22,094**	12,567
– financial institutions and others	**1,803**	4,725
Management and handling fees	**519**	1,027
Commission for subscribing new shares	**98**	9
Placement and underwriting commission	**5,260**	4
Investment management fee	**1,234**	2,571
Rental and property management income	**11,858**	11,685
Sales of precious metal	**145,019**	69,241
	197,734	116,674

3. TURNOVER AND OPERATING SEGMENT INFORMATION (CONTINUED)

b) Reportable operating segments

For management purposes, the Group is currently organized into business units based on their products and services and has seven reportable operating segments namely broking, financing, corporate finance, assets management, property investment, precious metal trading and investment holding.

Reportable operating segments are as follows:

Broking	Securities brokerage and futures brokerage
Financing	Securities margin financing and money lending
Corporate finance	Corporate finance advisory, placing and underwriting
Assets management	Assets management for listed and unlisted companies and high net worth individuals
Property investment	Property rental and dealing
Precious metal trading	Precious metal trading
Investment holding	Share investments

An analysis of segment information of the Group on these reportable operating segments for the six months ended 30 September 2016 and 2015 is as follows:

	Consolidated For the six months ended 30 September		**Consolidated For the six months ended 30 September**	
	2016 (unaudited) HK$'000	2015 (unaudited) HK$'000	**2016 (unaudited) HK$'000**	2015 (unaudited) HK$'000
Segment revenue				
Sales to external customers				
Broking	**4,895**	10,347		
Financing	**27,811**	22,817		
Corporate finance	**5,358**	13		
Assets management	**1,234**	2,571		
Property investment	**13,395**	11,685		
Precious metal trading	**145,041**	69,241		
Investment holding	**-**	-	**197,734**	116,674
Segment results				
Broking	**124**	4,595		
Financing	**23,938**	19,418		
Corporate finance	**3,719**	8		
Assets management	**791**	2,171		
Property investment	**10,111**	8,138		
Precious metal trading	**(430)**	(434)		
Investment holding	-	-	**38,253**	33,896
(Provision) / write-back of impairment loss on trade receivables (net)			**(220)**	28
Gain on disposal of subsidiaries			**-**	181,281
Gain on disposal of an associate			**-**	282,770
Loss on dissolution of subsidiaries			**-**	(84)
Other revenue			**301**	848
Share of results of associates			**(1,987)**	(2,421)
Profit before taxation			**36,347**	496,318
Income tax expense			**(1,811)**	(1,380)
Profit for the period			**34,536**	494,938

3. TURNOVER AND OPERATING SEGMENT INFORMATION (CONTINUED)

c) Geographical information

The Group's operations are principally located in Hong Kong, Macau and People's Republic of China. The Group's administration is carried out in Hong Kong.

The following table provides an analysis of the Group's turnover from external customers by geographical market and analysis of non-current assets by the geographical location in which assets are located other than available-for-sale financial assets, trade and other receivables, amount due from associates, deposits and prepayments and other assets.

	Turnover from external customers		**Non-current assets**	
	For the six months ended 30 September		**As at 30 September**	As at 31 March
	2016 (unaudited) HK$'000	2015 (unaudited) HK$'000	**2016 (unaudited) HK$'000**	2016 (audited) HK$'000
Hong Kong	**184,306**	103,481	**2,562**	2,555
Macau	**13,428**	13,193	**1,246,631**	1,246,641
People's Republic of China	**-**	-	**53,402**	57,068
	197,734	116,674	**1,302,595**	1,306,264

4. FINANCE COSTS

	The Group For the six months ended 30 September	
	2016 (unaudited) HK$'000	2015 (unaudited) HK$'000
Interest on bank loans and overdrafts	**8**	438
Interest on other loans, wholly repayable within five years	**54**	58
	62	496

5. PROFIT BEFORE TAXATION

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

	The Group For the six months ended 30 September	
	2016 (unaudited) HK$'000	2015 (unaudited) HK$'000
Charging:		
Staff costs		
- salaries, bonuses and other benefits	**6,507**	6,787
- contributions to retirement scheme	**219**	210
	6,726	6,997
Depreciation	**135**	139
Operating leases rentals in respect of rented premises	**608**	818
Crediting:		
Rental income from operating leases less outgoings (gross rental income: HK$11,858,000 (2015: HK$11,685,000))	**9,808**	9,913

6. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	For the six months ended 30 September	
	2016	2015
Profit attributable to equity holders of the Company (HK$)	**34,539,000**	494,968,000
Weighted average number of ordinary shares in issue	**2,682,316,758**	2,682,316,758
Basic earnings per share (HK cents)	**1.29**	18.45

2015 earnings per share have been adjusted to reflect the effect of bonus issue of shares mentioned in Note 13 as if the bonus issue of shares occurred at 1 April 2015.

7. INCOME TAX EXPENSE

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

	The Group For the six months ended 30 September	
	2016 **(unaudited)** **HK$'000**	2015 (unaudited) HK$'000
Hong Kong profits tax		
- provision for the period	**1,811**	1,381
- overprovision in prior year	**-**	(1)
	1,811	1,380

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

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

iii) At 30 September 2016, the Group had unutilised tax losses of approximately HK$4,115,000 (31 March 2016: HK$20,417,000) available for offsetting against future taxable profits. However, no deferred tax asset has been recognized due to the unpredictability of future taxable profits. The tax losses may be carried forward indefinitely.

8. INVESTMENT PROPERTIES

	The Group	
	As at **30 September** **2016** **(unaudited)** **HK$'000**	As at 31 March 2016 (audited) HK$'000
Fair value:		
As at 1 April	**1,246,000**	1,249,000
Decrease in fair value recognised in the consolidated income statement	**-**	(3,000)
	1,246,000	1,246,000

The Group has pledged certain of its investment properties with aggregate carrying value of approximately HK$1,066,000,000 (31 March 2016: HK$1,066,000,000) to a bank to secure general banking facilities granted to the Group.

9. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group	
	30 September 2016 (unaudited) HK$'000	31 March 2016 (audited) HK$'000
Amounts receivable arising from the ordinary course of business of dealing in securities and options:		
- Cash clients	**10,090**	9,779
- The SEHK Options Clearing House Limited	**2**	2
- Hong Kong Securities Clearing Company Limited	**12,083**	-
Amounts receivable arising from the ordinary course of business of dealing in futures contracts:		
- Clearing house	**2,823**	1,906
Amounts receivable arising from the ordinary course of business of provision of securities margin financing:		
- Clients (note)	**130,355**	120,347
Amounts receivable arising from the ordinary course of business dealing in trading of precious metals:		
- Clients	**164**	147
Interest-bearing loan receivables	**346,440**	412,931
Accounts receivables	**100**	86
Other receivables	**163,656**	147,958
	665,713	693,156
Less: Impairment loss on trade receivables	**(72,510)**	(72,538)
	593,203	620,618
Deposits and prepayments	**56,127**	56,293
	649,330	676,911
Portion classified as non-current assets	**(54,597)**	(42,399)
Portion classified as current assets	**594,733**	634,512

note: Margin client receivables after impairment loss of approximately HK$127,738,000 (31 March 2016: HK$117,731,000) 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$246,908,000 (31 March 2016: HK$318,681,000).

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.

9. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

The ageing analysis of trade and other receivables (not impaired) is as follows:

	30 September 2016 (unaudited) HK$'000	31 March 2016 (audited) HK$'000
Neither past due nor impaired	**566,891**	570,286
Past due:		
Less than 1 month past due	**4,332**	8,895
1 to 3 months past due	**12,974**	32,728
3 months to 1 year past due	**4,143**	6,377
Over 1 year past due	**4,863**	2,332
	26,312	50,332
	593,203	620,618

10. BANK BALANCES AND CASH

	The Group	
	30 September 2016 (unaudited) HK$'000	31 March 2016 (audited) HK$'000
Cash at bank		
- General accounts	**64,038**	49,016
- Trust accounts	**75,072**	50,084
- Segregated accounts	**1,301**	2,060
Cash in hand	**61**	18
Short-term bank deposits with original maturity less than 3 months		
- pledged (*note*)	**10,000**	10,000
- non-pledged	**222,101**	277,387
	372,573	388,565

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

11. BORROWINGS

	The Group	
	30 September 2016 (unaudited) HK$'000	31 March 2016 (audited) HK$'000
Borrowings comprise:		
Bank loan		
- interest-bearing	**-**	-
Other loans		
- interest-bearing	**3,387**	2,689
	3,387	2,689
Analysed as:		
Secured	**-**	-
Unsecured	**3,387**	2,689
	3,387	2,689
Borrowings are repayable as follows:		
Within one year or on demand	**3,387**	2,689

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowing are as follows:

	The Group	
	30 September 2016 (unaudited)	31 March 2016 (audited)
Effective interest rates:		
Variable-rate borrowings	**2.5%**	2.5%

The fair value of the Group's borrowings is not materially different from the corresponding carrying amounts at the end of the reporting period.

Included in borrowings are the following amount denominated in a currency other than the functional currency of the Group to which they relate:

	30 September 2016 (unaudited) $'000	31 March 2016 (audited) $'000
United States Dollars	**435**	346

12. CREDITORS AND ACCRUED EXPENSES

	The Group	
	30 September 2016 (unaudited) HK$'000	31 March 2016 (audited) HK$'000
Amounts payable arising from the ordinary course of business of dealing in securities and options:		
- Cash clients	**69,392**	42,789
- Hong Kong Securities Clearing Company Limited	**-**	4,095
Amounts payable arising from the ordinary course of business of dealing in futures contracts:		
- Clients	**4,118**	3,962
Amounts payable arising from the ordinary course of business of provision of securities margin financing:		
- Clients	**21,848**	9,709
Amounts payable arising from ordinary course of business of dealing in trading of precious metals	**109**	157
Accruals and other payables	**83,798**	79,226
Rental and other deposits received	**4,340**	4,155
Rental received in advance	**535**	191
	184,140	144,284

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.

13. SHARE CAPITAL

As approved by the shareholders of the Company at the Annual General Meeting on 31 August 2016, the Group issued bonus shares on the basis of one bonus share for every one existing ordinary share held by the qualifying shareholders. As at 30 September 2016, the number of issued ordinary shares of the Company is 2,682,316,758 shares (2015: 2,682,316,758 shares).

2015 issued ordinary shares have been adjusted to reflect the effect of bonus issue on 19 September 2016 as if the bonus issue of shares occurred at 1 April 2015.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend in respect of the six months ended 30 September 2016 (2015: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In United Kingdom, the economy appeared to have dampened from the initial shock of the Brexit, causing the value of the pound dropped to a 30-year historic low. The Bank of England could not wait and decided to cut interest rates in order to stimulate the economy and investment. The Brexit is anticipated to start in March of 2017 and therein lots of uncertainty will cause volatility in the world economy in the years to come.

In the United States, the uncertainty of the interest rate hike by the United States government will still cause impact in the world economy.

In Japan and European countries, they still adopt the quantitative-easing measures as the major monetary policy to stimulate the economy. However, the effectiveness of quantitative-easing measures is still in doubt and the recovery in economy in Japan and European countries is still sluggish.

In China, the weakness in Renminbi, the recent worse economic indicators and the overheating property market have forced the central government to adopt a series of economic reform and structural adjustments in order to remedy the economy. Thence, in short-term, the economy in China still suffers from a downturn pressure. However, in the long-term, China will enter into a period of high-speed economic growth.

In Hong Kong, effective from 5 November 2016, stamp duty is raised to a 15% standard rate for all buyers except the first-time home buyers with the anticipation to dampen surging home prices. Since the property developing or property investment is one of economic pillars in Hong Kong, amid the probable of the United States interest rate hike in coming December, Hong Kong economy will be inevitably affected. However, following the roll out of Shanghai-Hong Kong Stock Connect, it is expected that Shenzhen-Hong Kong Stock Connect would be launched in December 2016, which will allow investors on both sides to conduct cross-border trading up to a certain monetary cap per day. The roll out of the program is expected to help Hong Kong’s mid and small-cap stocks experience a bullish momentum.

In Macau, the property market and economy seems to hit the bottom. The government strives to implement a series of measures to improve and revitalize the economy. According to the latest information published by the Macau government recently, Macau’s gaming industry, after a 25-month gaming revenue drop, rebounded and steady. Along with casinos industry led by units of Las Vegas Sands Corporation and Wynn Resorts Limited shift to attract more recreational gamblers and tourists from traditional gamblers, the economy may fuel to reverse three years of contraction and is probable to return to growth in 2017.

BUSINESS REVIEW

Overall Financial results

For the six months ended 30 September 2016, the Group's consolidated turnover increased by 69.5% from HK$116.7 million to HK$197.7 million. The increase in turnover was mainly attributable to the significant increase in the turnover of precious metal trading and interest income earned from money lending business. The net profit attributable to equity holders of the Company decreased by 93.0% from HK$495.0 million to HK$34.5 million. The decrease is mainly attributed to the one-time gains of capital assets realization in 2015 being the gains on disposal of subsidiaries and gain on disposal of an associated company and amounted to HK$464.1 million during the corresponding period in 2015. Excluding the capital asset realization gain in 2015, there reflects an improvement in operation profit in 2016 over that in the corresponding period in 2015.

The earnings per share was HK cents 1.29 (2015: HK cents 18.45 per share).

Brokerage and Financing

The brokerage and financing business segments totally contributed a portion, 16.5% of the total turnover HK$197.7 million and decreased by 1.4% from last period. It recorded an operating profit of HK$24.1 million and slightly increased by 0.2% from last period.

The competition in Hong Kong securities market is still fierce causing the operating profit of brokerage segment amounted to HK$0.1 million and decreased by 97.3% from last period.

The operating profit of financing segment amounted to HK$23.9 million and increased by 23.3% from last period. It was contributed from earning more interest income by lending to customers during the six months ended 30 September 2016.

Precious Metal Trading

During the period under review, the turnover increased from HK$69.2 million to HK$145.0 million and still recorded an operating loss of HK$0.4 million as about same as last period. The significant increase in turnover on precious metal trading was mainly due to adoption of new business model. Moreover, the Group also implemented and strengthened certain cost control measures.

Through participation of bullion dealing business in Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone, the Group dedicates to nurture business opportunities in precious metal trading.

Corporate Finance and Assets Management

These business segments totally contributed 3.3% of total turnover HK$197.7 million and increased by 155.1% from last corresponding period. It recorded an operating profit of HK$4.5 million and increased by 107.0% from last period.

The operating profit of corporate finance segment amounted to HK$3.7 million and increased by 463.9 times from last corresponding period as the Group acting as underwriter in the initial public offering of several Hong Kong listed companies during the six months ended 30 September 2016.

The operating profit of asset management segment amounted to HK$0.8 million and decreased by 63.6% from last corresponding period. During the period under review, 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. Management fee earned mainly affected by the performance of the investment portfolio of the client.

Property Investment

For the period under review, the rental revenue increased by 14.6% from HK$11.7 million to HK13.4 million and bolstered the operating profit by 24.2% from HK$8.1 million to HK$10.1 million. In this property investment segment, the increase in both revenue and operating profit for this segment was mainly contributed to the incremental change in rental after the renewal of the tenancy agreement at the prevailing market rate.

The economy of China, Macau and Hong Kong is still weak, amid the interest rate in United States is probable to be increased by the end of this year, the property market in China, Macau or Hong Kong will be inevitable facing a tough challenge in the coming year. Particularly in Hong Kong, effective from 5 November 2016, stamp duty is raised to a 15% standard rate for all buyers except the first-time home buyers, the property market in Hong Kong must inevitably be affected. The Group will closely review the property market and strive to generate stable income from the property investment portfolios.

Prospect

Recently, the global is still under a period of stagnation on the economic growth after the financial crisis, and the Brexit have caused more fluctuations in the global economic and financial markets. The economy of China is still facing plenty of challenges from structural adjustments and it suffers from a downturn pressure. Confronting the complex, changing business environment and intense competition, the Group will keep seeking steady growth, striving for success and seizing the opportunities of Shenzhen-Hong Kong Stock Connect and One Belt, One Road. Such strategy, with a view to promoting the interconnection between its financing and licensed business, is to propel the development of our businesses.

Amid in recent years of low interest rate and loose liquidity, the Group will strive to look for better opportunities for the property investment to strength the financial performance.

Looking forward, the Group will continuously enhance core competitiveness and comprehensive profitability of the Company, striving to create greater value for shareholders.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 30 September 2016, the Group had cash and bank balances of approximately HK$372.6 million (31 March 2016: HK$388.6 million) of which approximately HK$10.0 million (31 March 2016: 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 (31 March 2016: HK$172.0 million) to secure the general banking facilities granted to subsidiaries.

As at 30 September 2016, the Group had available aggregate banking facilities of approximately HK$188.0 million (31 March 2016: HK$188.0 million) of which HK$187.0 million (31 March 2016: HK$187.0 million) was not utilized.

As at 30 September 2016, the Group's borrowings increased from HK$2.7 million as at 31 March 2016 to HK$3.4 million.

Gearing Ratio

As at 30 September 2016, the amount of total borrowings was approximately HK$3.4 million (31 March 2016: HK$2.7 million), the gearing being equal to approximately 0.2% (31 March 2016: 0.1%) of the net assets of approximately HK$2,181.2 million (31 March 2016: HK$2,188.6 million).

FOREIGN CURRENCY FLUCTUATION

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

CAPITAL STRUCTURE

During the six months period ended 30 September 2016, the Group issued 1,341,158,379 bonus shares, which was made on the basis of one (1) Bonus Share for every one (1) existing Share in issue held on the Record Date, i.e. 7 September 2016 by the Qualifying Shareholders. The bonus shares was issued on 19 September 2016. As at 30 September 2016, total issued share capital of the Company is HK$26.8 million.

EMPLOYMENT

As at 30 September 2016, the Group had approximately 44 staff including those staff of Macau (30 September 2015: 44). 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 remuneration policy and package of the Group's employees is periodically reviewed by referring to the prevailing market conditions. The components of remuneration package comprise basic salary, benefits-in-kind and contributions to mandatory provident funds, as well as discretionary bonuses, which are determined according to individual performance of employees.

SHARE OPTION

The Company does not have any share option scheme.

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

For the six months ended 30 September 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 period.

AUDIT COMMITTEE

The audit committee of the Group is comprised 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, practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the financial statements of the Group for the six months ended 30 September 2016.

REMUNERATION COMMITTEE

The remuneration committee is comprised of independent non-executive directors, Mr. CHAN Chung Yee, Alan, Mr. POON Kai Tik, Mr. HUI Man Ho, Ivan and executive director, Ms. CHENG Wai Ling, Annie. During the past one year, the remuneration committee had one meeting.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the Code on Corporate Governance Practices ("CG Code") throughout the six months ended 30 September 2016, with deviations from code provisions A.4.1 of the CG Code only in respect of the service terms 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 CG Code. However, all 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 CG 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 25 November 2016. The interim report for the six months ended 30 September 2016 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
Upbest Group Limited
IP Man Tin, David
Chairman

Hong Kong, 25 November 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.