

UPBEST GROUP LTD :
WATCH OUT FOR INCREASES IN DIRECTORS' REMUNERATION PACKAGES

Of course, if Executive Directors take a pittance by way of remuneration, then the Profit and Loss Account will always look good -- provided that the corporation is trading profitably.

And that, friends and neighbours, is exactly what is the situation with regard to the latest company to seek a listing on The Stock Exchange of Hongkong Ltd.

Upbest Group Ltd (Code: 335) is a stockbrokerage house which, last Thursday, closed the doors on prospective shareholders in respect of its 70-million New Issue of shares.

The one-cent Par Value shares were offered at a Premium of 99 cents per share, with trading expected to begin on October 18, next Wednesday.

Upbest has been around the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) since 1988 when Mr Charles Cheng Kai Ming established Upbest Securities Company as a sole proprietorship.

Today, 12 years later, the small brokerage house of Upbest is somewhat of a success story ... but only somewhat, mind you.

The following are the Trading Results of Upbest for the past 3 Financial Years:

	Financial Year ended March 31		
	1998	1999	2000
	All Figures are Denominated in \$HK'000		
<u>Turnover:</u>			
Commission and Brokerage	35,647	12,453	31,136
Interest Income from			
--- Clients	11,578	14,612	21,356
--- Financial Institutions	1,277	928	986
--- Others	10	5	19
Management and Handling Fees	2,416	2,886	3,752
Underwriting and Sub-underwriting Commission	1,989	5,184	1,899
Corporate Finance Advisory Fees	<u>Nil</u>	<u>800</u>	<u>1,379</u>
Total	52,917	36,868	60,527
Other Income	518	16	31
Investment Income (Loss)	1,463	(316)	5,780
Operating Expenses	(14,006)	(10,720)	(15,135)
Profit from Operations	40,892	25,848	51,203
Financing Costs	(4,869)	(7,341)	(5,682)
Profit before Taxation	36,023	18,507	45,521
Taxation	(5,955)	(2,332)	(6,339)
Net Profit Attributable to Shareholders	30,068	16,175	39,182

It is mentioned in the Company's Prospectus that, in the 2000 Financial Year, there was an Unrealised Gain of \$HK5,877,000 in respect of Upbest's holdings in publicly listed Hongkong Exchanges and Clearing Ltd (Code: 388).

In accordance with the Company's accounting policies, this Unrealised Gain is taken, directly, to the Profit and Loss Account, above the line.

Without this single Unrealised Gain, the 2000 Year's Net Profits would have been reduced by that same amount, of course.

This Unrealised Gain did not exist ... [CLICK TO ORDER FULL ARTICLE](#)

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