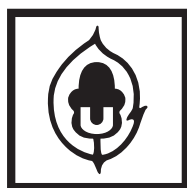


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# **UPBEST GROUP LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

(Stock code: 335)

## **DISCLOSEABLE TRANSACTION**

**Financial Advisor to Upbest Group Limited**



**Upbest Securities Company Limited**

The Board is pleased to announce that the Group entered into a Joint Venture Agreement with the JV Partners on 10 March 2006 in relation to the formation of the Joint Venture Company and two facility agreements with the JV Partners, the Joint Venture Company and the wholly owned subsidiaries of the Joint Venture Company for the acquisition and development of the Site located in Macau.

The registered capital of the Joint Venture Company is HK\$100 and will be contributed as to HK\$10 by the Group and as to HK\$90 by the JV Partners. Upon the establishment of the Joint Venture Company, it will be owned as to 10% by the Group and as to 90% by the JV Partners.

The Group will provide a shareholders' loan to Hercules and Stronghold (being wholly owned subsidiary companies of the Joint Venture Company) of HK\$96,000,000 and HK\$32,000,000 respectively. The JV Partners will provide shareholders' loans to Hercules and Stronghold of HK\$864,000,000 and HK\$288,000,000 in accordance with their respective shareholding in the Joint Venture Company. The total investment amount of the Joint Venture Company will be HK\$1,280,000,100.

The Joint Venture Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. A circular containing further details of the Joint Venture Agreement will be dispatched to the Shareholders as soon as practicable and in any event within 21 days from the publication of this announcement.

At the request of the Company, the shares of the Company have been suspended from trading on the Stock Exchange at 9:30 a.m. on 13 March 2006 pending the release of this announcement. Application has been made for resumption of trading in the shares of the Company on the Stock Exchange from 9:30 a.m. on 14 March 2006.

The Board is pleased to announce that the Group entered into a Joint Venture Agreement with the JV Partners on 10 March 2006 in relation to the formation of the Joint Venture Company and two facility agreements with the JV Partners, the Joint Venture Company and the wholly owned subsidiaries of the Joint Venture Company for the acquisition and development of the Site located in Macau.

## **(1) THE JOINT VENTURE AGREEMENT**

### **Date:**

10 March 2006

### **Parties:**

- (1) Full Benefit Investments Limited, a wholly owned subsidiary of the Company incorporated in British Virgin Islands on 30 January 2006 with limited liability.
- (2) JV Partner A: Amphora Limited, an exempted limited company incorporated in the Cayman Islands which at the date hereof has a 40% equity interest in the Joint Venture Company ("JV Partner A"). Amphora Limited is a vehicle of an investment fund held by a range of investors.
- (3) JV Partner B: Everyield Services Limited, a company incorporated in British Virgin Islands with limited liability which at the date hereof has a 50% equity interest in the Joint Venture Company ("JV Partner B"). Everyield Service Limited is an investment holding company and is currently held by four individuals.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the JV Partners and their ultimate beneficial owners are third parties independent of the Company and its connected person (as defined in the Listing Rules) and are not connected persons of the Company.

### **Subject matter:**

Pursuant to the terms and conditions of the Joint Venture Agreement, the Group and the JV Partners have agreed to set up the Joint Venture Company as an

equity joint venture company in relation to the acquisition and development of a plot of land located in Nam Van Lakes Zone, at Avenida Doutor Stanley Ho, Macau SAR, with a site area of 4,669 square meters, and registered with the Land and Buildings Registry Office under no. 23070.

The registered capital of the Joint Venture Company is HK\$100 and will be contributed as to HK\$10 by the Company and as to HK\$90 by the JV Partners. Upon the establishment of the Joint Venture Company, it is owned as to 10% by the Group and as to 90% by the JV Partners. The Joint Venture Company will become an associate company of the Company.

The Company will contribute its share of the registered capital of the Joint Venture Company in cash. Pursuant to the Joint Venture Agreement, the Company is required to contribute 10% of its share of the registered capital to the Joint Venture Company upon signing of the Joint Venture Agreement.

The board of directors of the Joint Venture Company will comprise three directors, one of whom will be appointed by the Company and two of whom will be appointed by the JV Partners. The Company and the JV Partners will be entitled to share the profit or to bear the loss of the Joint Venture Company in proportion to their respective equity interests in the Joint Venture Company.

## **(2) THE FACILITY AGREEMENTS**

### **A. The Facility Agreement 1 (the “Facility Agreement 1”)**

**Date:**

10 March 2006

**Parties:**

- (1) Full Benefit Investments Limited
- (2) JV Partner A
- (3) JV Partner B
- (4) Joint Venture Company
- (5) Hercules

### **B. The Facility Agreement 2 (the “Facility Agreement 2”)**

**Date:**

10 March 2006

**Parties:**

- (1) Full Benefit Investments Limited
- (2) JV Partner A
- (3) JV Partner B
- (4) Joint Venture Company
- (5) Stronghold

**Subject matter:**

Pursuant to the terms and conditions of the Facility Agreement 1 and the Facility Agreement 2, the Group will provide shareholders' loans to Hercules and Stronghold, being wholly owned subsidiary companies of the Joint Venture Company, of HK\$96,000,000 and HK\$32,000,000 respectively. The JV Partners will provide shareholders' loans to Hercules and Stronghold of HK\$864,000,000 and HK\$288,000,000 respectively in accordance with their respective equity interest in the Joint Venture Company.

The Joint Venture Company is a newly incorporated entity and has not recorded any material transaction. The Company, together with the JV Partners, intend to develop the Site into a residential/commercial complex and dispose of its units with a view to profit.

There are no requirements in the Joint Venture Agreement to contribute additional funding other than those stipulated in this announcement. It is intended that the entire development costs of the Site shall be financed by bank borrowings and/or other financings to be obtained by and in the name of the Joint Venture Company. The Company funded the investment contribution of HK\$128,000,000 by way of borrowing. The terms of the Joint Venture Agreement, the Facility Agreement 1 and the Facility Agreement 2 have been agreed after arm's length negotiations between the parties. The Directors consider that the Joint Venture Agreement, the Facility Agreement 1 and the Facility Agreement 2 are on normal commercial terms and are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

**Information relating to the Site**

The Site is currently vacant. The Company, together with the JV Partners, intend to develop a residential/commercial building and car parking space on the site with the following gross floor area:

- (i) Residential 44,700 square meters;
- (ii) Commercial 2,000 square meters; and
- (iii) Car parking 23,550 square meters.

**Implication under the Listing Rules**

The Joint Venture Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. A circular containing further details of the Joint Venture Agreement will be dispatched to the Shareholders as soon as practicable and in any event within 21 days from the publication of this announcement.

## **REASONS FOR THE PROPOSED INVESTMENT**

The principal activity of the Company is investment holding. Its subsidiaries are principally engaged in securities broking, futures broking, securities margin financing, money lending, corporate finance advisory, asset management and property investment. It has been the Company's intention to continuously look for business opportunities in the property sector in Macau, as the Directors believe that the potential investment returns from the property sectors are promising given the increasing demand as a result of the accelerating economic development in Macau. The Directors consider that the Joint Venture Agreement is in line with the business strategy of the Company to further expand its existing property investment in Macau.

The Board considers that the Acquisition is on normal commercial terms and that such terms are fair and reasonable to the Company and Shareholders as a whole.

## **APPLICATION FOR THE SUSPENSION AND RESUMPTION OF TRADING**

At the request of the Company, the shares of the Company have been suspended from trading on the Stock Exchange at 9:30am on 13 March 2006 pending the release of this announcement. Application has been made for resumption of trading in the shares of the Company on the Stock Exchange from 9:30 a.m. on 14 March 2006.

As at the date of this announcement, the Board of the Company consists of Dr. Wong King Keung, Peter as non-executive director and chairman, Mr. Wong Ching Hung, Thomas, Mr. Cheng Kai Ming, Charles and Mr. Li Kwok Cheung, George as executive directors and Mr. Wong Wai Kwong, David, Mr. Pang Cheung Hing, Alex and Mr. Fuk Ho Kai as independent non-executive directors.

## **DEFINITIONS**

“Board”	the board of Directors of the Company
“Company”	Upbest Group Limited (stock code: 335), a company incorporated in Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	legal currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC

“Hercules”	Hercules Holding Company Limited, a company incorporated in Macau with limited liability and is wholly owned by the Joint Venture Company
“Joint Venture Agreement”	the joint venture agreement dated 10 March 2006 entered into between the Group and the JV Partners for the establishment of the Joint Venture Company
“Joint Venture Company”	Summer Sound Investments Limited, a company incorporated in British Virgin Islands with limited liability and is incorporated for the purpose of the Joint Venture Agreement
“JV Partners”	Amphora Limited and Everyield Services Limited
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau SAR”	The Macau Special Administrative Region of the PRC
“Shareholders”	shareholders of the Company
“Site”	Nam Van Lakes Zone, at Avenida Doutor Stanley Ho, Macau SAR, with a site area of 4,669 square meters, and registered with the Land and Buildings Registry Office under no. 23070
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Stronghold”	Stronghold Holding Company Limited, a company incorporated in Macau with limited liability and is wholly owned by the Joint Venture Company.

By order of the Board  
**LI Kwok Cheung, George**  
*Executive Director*

Hong Kong, 13 March 2006

Please also refer to the published version of this announcement in China Daily.