
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Upbest Group Limited, you should at once hand this circular and the enclosed form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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美建集團有限公司*
UPBEST GROUP LIMITED

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 335)

DISCLOSEABLE TRANSACTION
FORMATION OF A JOINT VENTURE
FOR THE ACQUISITION AND DEVELOPMENT OF THE SITE IN MACAU

* for identification purposes only

CONTENTS

	<i>Pages</i>
Definitions	1
Letter from the board	
Introduction	3
The Joint Venture Agreement	4
The Facility Agreements	5
Information Relating to the Site	5
Implication under the Listing Rules	6
Financial Effects of the Joint Venture Agreement	6
Reasons For And Benefit of the Joint Venture Agreement	7
Information About the Company	8
Additional Information	9
Appendix – General Information	10

DEFINITIONS

In this circular, except where the context otherwise requires, the following terms shall have the following meanings:

“Associate”	has the meaning ascribed to it in the Listing Rules
“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 (excluding the independent non-executive directors)
“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
“Latest Practicable Date”	28 March 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the RPC
“Model Code”	Model Code of Securities Transactions by Directors of Listed Companies contained in the Listing Rules

DEFINITIONS

“PRC”	the People’s Republic of China, which for the purpose of this circular, shall exclude Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Law of Hong Kong)
“Share(s)”	share(s) of HK\$0.01 each of and in the share capital of the Company
“Shareholder(s)”	the holder(s) of Share(s)
“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
“US\$”	legal currency of United States of America
“%”	per cent.

LETTER FROM THE BOARD



美建集團有限公司*
UPBEST GROUP LIMITED

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 335)

Non-Executive Director and Chairman:

Dr. Wong King Keung, Peter

Executive Directors:

Mr. Wong Ching Hung, Thomas

Mr. Cheng Kai Ming, Charles

Mr. Li Kwok Cheung, George

Independent Non-Executive Directors:

Mr. Wong Wai Kwong, David

Mr. Pang Cheung Hing, Alex

Mr. Fuk Ho Kai

Registered office:

Ugland House
South Church Street
P.O. Box 309
Grand Cayman
Cayman Islands
British West Indies

Principal place of business:

2nd Floor
Wah Kit Commercial Centre
302 Des Voeux Road Central
Hong Kong

30 March 2006

To the Shareholders

Dear Sir or Madam,

**DICLOSEABLE TRANSACTIONS
FORMATION OF A JOINT VENTURE
FOR THE ACQUISITION AND DEVELOPMENT OF THE SITE IN MACAU**

(1) INTRODUCTION

On 13 March 2006, the Board announced 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 Joint Venture Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. The purpose of this circular is to provide the Shareholders with further information on the Joint Venture Company and other information in compliance with the requirements of the Listing Rules.

* for identification purposes only

LETTER FROM THE BOARD

(2) 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 and managed by Amaranth Advisors, L.L.C headquartered in the US with equity capital excess of US\$7.0 billion.
- (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 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.

LETTER FROM THE BOARD

(3) 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.

(4) 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;

LETTER FROM THE BOARD

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

(5) IMPLICATION UNDER THE LISTING RULES

The Joint Venture Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. This document constitutes the circular which the Company is required to send to you pursuant to the Listing Rules in relation to the Joint Venture Agreement.

(6) FINANCIAL EFFECTS OF THE JOINT VENTURE AGREEMENT

Following the establishment of the Joint Venture Company, the Company will have a 10% interest in the Joint Venture Company. The Joint Venture Company will not become a subsidiary of the Company and its assets, liabilities and results will not be consolidated with that of the Group. The investment cost of HK\$10 plus transaction costs in the Joint Venture Company will be recognized at fair value and accounted for as available-for-sale financial assets. Unrealized gains and/or losses arising from changes in the fair value of non-monetary securities are recognized in equity. The HK\$128,000,000 shareholders' loan will be initially recognized at fair value and subsequently at amortised cost using effective interest method and will be treated as loan and receivables. Accordingly, there will be no immediate effect on the earnings and liabilities of the Group upon the establishment of the Joint Venture Company.

Apart from the contribution to the registered capital of the Joint Venture Company and the shareholders' loan, the Company currently does not foresee any other capital commitment/guarantee/indemnity which is required to be provided by it in connection with the Joint Venture Company.

(7) REASONS FOR AND BENEFIT OF THE JOINT VENTURE AGREEMENT

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 Joint Venture Agreement is on normal commercial terms and that such terms are fair and reasonable to the Company and Shareholders as a whole.

(8) INFORMATION ABOUT THE COMPANY

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 and development in Macau.

(9) ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendix to this circular.

Yours faithfully,
By Order of the Board
Upbest Group Limited
LI Kwok Cheung, George
Executive Director

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Board collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTEREST

As at the Latest Practicable Date, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange were as follows:

(a) Interest of the directors of the Company in the shares and underlying shares of the Company

Name of Director	Personal interests (held as beneficial owner)	Family interests (interest of Spouse)	Other interests	Total interest	Approximate percentage of total interests in the issued share capital
Number of ordinary Shares in the Company					
Mr. Cheng Kai Ming, Charles	–	–	868,554,237 (Note)	868,554,237	69.31%

Note: As at the Latest Practicable Date, CCAA Group Limited (“CCAA”), an associated corporation (within the meaning of Part XV of the SFO) of the Company, was directly interested in 868,554,237 Shares in, representing approximately 69.31% of, the issued share capital of the Company. Mr. Cheng Kai Ming, Charles and his family members are the beneficiaries of the trust which assets include interests in the entire issued share capital of CCAA and accordingly, they are deemed to be interested in 868,554,237 Shares and the entire issued share capital of CCAA under the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the directors or the chief executive of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which are required, pursuant to section 352 of the SFO to be entered in the register referred to therein, or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange.

(b) Substantial Shareholders

As at the Latest Practicable Date and so far as is known to the Directors or chief executive of the Company, there was no other person (other than a Director or chief executive of the

Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or who was, directly or indirectly, interested in ten per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any member of the Group or in any options in respect of such capital.

3. MATERIAL ADVERSE CHANGE

Save as disclosed in this circular and the annual report of the Company dated 31 March 2005, as at the Latest Practicable Date, the Board are not aware of any material adverse change in the financial or trading position of the Group since 31 March 2005, the date to which the latest audited financial statements of the Group were made up.

4. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was involved in any litigation or claims of material importance and there was no litigation or claims of material importance known to the Board to be pending or threatened against the Company or any of its subsidiaries.

5. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into, or proposed to enter into, a service contract with the Company or any member of the Group which does not expire or is not terminable by such member of the Group within one year without payment of compensation, other than statutory compensation.

As at the Latest Practicable Date, none of the Directors is materially interested in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the Group.

6. COMPETING INTERESTS OF DIRECTORS AND ASSOCIATES

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors and their respective associates were considered to have interests in any business which competes or may compete, either directly or indirectly, with the businesses of the Group or have or may have any other conflicts of interest with the Group pursuant to the Listing Rules.

7. MISCELLANEOUS

- (a) The qualified accountant of the Company is Mr. Shum Wai Ming, an associate member of the Hong Kong Institute of Public Accountants.
- (b) The secretary of the Company is Mr. Li Kwok Cheung, George, a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Public Accountants.
- (c) The share registrar of the Company in Hong Kong is Standard Registrars Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (d) In the case of any discrepancy, the English text of this circular shall prevail over the Chinese text.