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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, 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 to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or the transfer was effected for transmission to the purchaser or the transferee.

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**UPBEST GROUP LIMITED**  
**美建集團有限公司\***

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

**DISCLOSEABLE TRANSACTION:**

**DISPOSAL OF ENTIRE INTERESTS IN A SUBSIDIARY**

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\* for identification purpose only

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## DEFINITIONS

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*In this circular, unless the context requires otherwise, the following expressions shall have the following meanings when used herein:*

“associate”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors
“Company”	Upbest Group Limited, a company incorporated in Cayman Islands with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Disposal
“Directors”	directors of the Company
“Disposal”	the sale of the Sale Share and the Sale Loan pursuant to the Sale and Purchase Agreement
“FB”	Full Benefit Investments Limited, a company incorporated in the British Virgin Islands with limited liability and was an indirect wholly owned subsidiary of the Company before Completion
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	a third party independent of the Company and the connected persons (as defined under the Listing Rules) of the Company, and not a connected person (as defined under the Listing Rules) of the Company
“Joint Venture”	the acquisition, holding and development of a site located at Nam Van Lakes Zone, Macau with a site area of approximately 4,669 square metres intended to be developed into a commercial/residential complex for sale
“Joint Venture Company”	Summer Sound Investments Limited, a company incorporated in the British Virgin Islands with limited liability
“Latest Practicable Date”	7 August 2007, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

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## DEFINITIONS

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“Macau”	the Macau Special Administrative Region of the PRC
“PRC”	the People’s Republic of China, which for the purpose of this circular, shall exclude Hong Kong, Macau and Taiwan
“Purchaser”	Mr. Song Jeong Kong
“Sale Loan”	all obligations, liabilities and debts owed or incurred by FB to the Vendor on or at any time prior to the Completion whether actual, contingent or deferred and irrespective of whether or not the same is due and payable on Completion, which amounted to HK\$13,822.20
“Sale Share”	one share of US\$1.00 in the share capital of FB, representing 100% of the entire issued share capital of FB
“Sale and Purchase Agreement”	the sale and purchase agreement dated 17 July 2007 and entered into between the Vendor and the Purchaser in relation to the Disposal
“SFO”	Securities and Futures Ordinance, Cap. 571 of the Laws of Hong Kong
“Shareholder(s)”	holder(s) of the Shares
“Shares”	shares of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Upbest Macau Land Company Limited, a wholly owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency for the time being of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

*For the purpose of this circular, unless otherwise indicated, conversion of US\$ into HK\$ is calculated at the approximate exchange rate of HK\$7.8 to US\$1. This exchange rate is for purpose of illustration only and does not constitute a representation that any amounts have been, could have been, or may be, exchanged at this or any other rate at all.*

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## LETTER FROM THE BOARD

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### UPBEST GROUP LIMITED

美建集團有限公司\*

(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. Suen Man Tak, Stephen

Mr. Li Kwok Cheung, George

Ms. Cheng Wai Ling, Annie

Mr. Cheng Wai Lun, Andrew

*Independent non-executive Directors:*

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

9 August 2007

*To the Shareholders*

Dear Sir or Madam,

### **DISCLOSEABLE TRANSACTION: DISPOSAL OF ENTIRE INTERESTS IN A SUBSIDIARY**

#### **INTRODUCTION**

On 19 July 2007, the Board announced that the Vendor, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Purchaser on 17 July 2007 pursuant to which the Vendor agreed to sell and the Purchaser agreed to acquire the Sale Share and the Sale Loan for an aggregate consideration of HK\$12 million. The Disposal was completed on 17 July 2007.

On 20 July, the Board made a clarification announcement clarifying certain information contained in the Chinese announcement dated 17 July 2007 in respect of the Disposal.

\* for identification purpose only

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## LETTER FROM THE BOARD

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The Disposal constitutes a discloseable transaction on the part of the Company under the Listing Rules. The purpose of this circular is to provide you with further information regarding the Disposal and the Group.

### THE SALE AND PURCHASE AGREEMENT

**(1) Parties:**

Vendor: Upbest Macau Land Company Limited, a wholly-owned subsidiary of the Company

Purchaser: Mr. Song Jeong Kong

The Purchaser is a merchant.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser is an Independent Third Party and has no prior transactions with the Group which required aggregating pursuant to Rule 14.22 of the Listing Rules.

**(2) Asset to be disposed of:**

Pursuant to the Sale and Purchase Agreement, the Vendor has agreed to dispose of and the Purchaser has agreed to acquire:

*The Sale Share*

One share of US\$1.00 in the share capital of FB, representing 100% of the entire issued share capital of FB.

*The Sale Loan*

All obligations, liabilities and debts owed or incurred by FB to the Vendor on or at any time prior to the Completion whether actual, contingent or deferred and irrespective of whether or not the same is due and payable on Completion, which amounted to HK\$13,822.20.

**(3) Consideration:**

The aggregate consideration for the Disposal is HK\$12 million and shall be payable or satisfied by the Purchaser within three months from the date of Completion in cash.

The consideration for the Disposal was arrived at after arm's length negotiations between the parties to the Sale and Purchase Agreement after taking into consideration of various factors, in particular, the net liabilities of FB as at 17 July 2007, the investments comprising HK\$78 equity interests and a shareholder loan of HK\$127,999,922 which have been made by FB to the Joint Venture Company as at 17 July 2007. FB has not prepared any audited financial statements since its incorporation. According to the unaudited financial statements of FB for the period commencing from its date of incorporation to 17 July 2007, FB made a net loss of HK\$13,830.00 and the net liabilities of FB amounted to HK\$13,822.20 as at 17 July 2007.

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## LETTER FROM THE BOARD

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### **(4) Conditions**

The Disposal is conditional upon the satisfaction of the following:

- (1) all necessary consents and approvals required to be obtained on the part of the Purchaser in respect of the Sale and Purchase Agreement and the transactions contemplated thereby having been obtained;
- (2) all necessary consents and approvals required to be obtained on the part of the Vendor in respect of the Sale and Purchase Agreement and the transactions contemplated thereby having been obtained;
- (3) the warranties given by the Vendor under the Sale and Purchase Agreement remaining true and correct in all material respects; and
- (4) the warranties given by the Purchaser under the Sale and Purchase Agreement remaining true and correct in all material respects.

Each party shall use its best endeavours to satisfy and fulfill the conditions. The Vendor may waive the whole or part of the conditions (1) and (4) above. The Purchaser may waive the whole or part of the conditions (2) and (3) above. If the conditions set out above have not been satisfied (or waived) on or before the end of the date of the Sale and Purchase Agreement, or such other date as the Vendor and the Purchaser may agree, the Sale and Purchase Agreement shall cease and determine and thereafter neither party shall have any obligations and liabilities towards each other hereunder save for any antecedent breaches of the terms hereof.

### **(5) Completion**

Since the conditions have been fulfilled, Completion took place on 17 July 2007.

Upon Completion, the Company has disposed of all its interest in FB, and FB will cease to be an indirect wholly owned subsidiary of the Company and all the existing directors of FB and Joint Venture Company nominated by the Company have resigned upon Completion.

### **(6) Information on FB**

FB is a company incorporated in the British Virgin Islands with limited liability which is engaged principally in investment holdings and its sole asset is the 10% equity interests in the Joint Venture Company. Such equity interests were acquired for a sum of HK\$128 million which was fully financed by borrowing by FB. The Joint Venture Company is principally engaged in the Joint Venture, being the acquisition, holding and development of a site located at Nam Van Lakes Zone, Macau with a site area of approximately 4,669 square metres. It is intended that the site will be developed into a commercial/residential complex for sale.

FB has not prepared any audited financial statements since its incorporation. According to the unaudited financial statements of FB, the net loss for the period commencing from its date of incorporation to 17 July 2007 was approximately HK\$13,830.00. The unaudited total assets of FB as at 17 July 2007 was approximately HK\$128,000,000.00 and the unaudited net liabilities of FB was approximately HK\$13,822.20. The financial results of FB has been consolidated into the Company's latest financial results before the Disposal.

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## LETTER FROM THE BOARD

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Based on the unaudited financial statements of FB for the period commencing from its date of incorporation to 17 July 2007, it is estimated that upon Completion, it is expected the Group will record a gain of approximately HK\$12,013,822.20 on the Disposal for the year ending 31 March 2008 which represents the difference between the consideration of HK\$12 million less the cost of investment of HK\$7.80 in FB and the accumulated loss of HK\$13,830.00 as at the date of Completion.

The Company will utilize the proceeds from the Disposal as general working capital.

### FINANCIAL EFFECT OF THE DISPOSAL

Upon Completion, it is estimated that the Group will record a gain of approximately HK\$12 million. Accordingly, the total assets of the Group will be reduced by approximately HK\$116 million (being the difference between the total assets of FB and the amount of the consideration) and the total liabilities of the Group will be reduced by approximately HK\$128 million.

### REASONS FOR THE DISPOSAL

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, precious metal trading and property investment.

The Board was advised that the original plan for the Joint Venture was still under revision and not carried out yet. The revision of the plan is being considered and such revision would require additional approval process. Such approval has not been obtained and would cause a significant delay to the completion of the Joint Venture.

In view of the uncertainties and the risks inherent to the revisions of the plan for the Joint Venture, and the fact that the Company has only 10% equity interest in the Joint Venture Company, the Board has considered that it would be in the best interest of the Company and its Shareholders as a whole to exit from the Joint Venture to minimize any uncertainties and risks.

The Directors, including the independent non-executive Directors, consider the terms and conditions of the Sale and Purchase Agreement to be fair and reasonable and on normal commercial terms and are in the best interests of the Company and the Shareholders as a whole.

### GENERAL

Your attention is drawn to the information set out in the appendix of this circular.

By order of the Board  
**Upbest Group Limited**  
**Wong King Keung, Peter**  
*Chairman*



## 1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this document 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 INTERESTS

### (a) Directors' interests and short positions in the securities of the Company and its associated corporations

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

#### *Long positions in Shares*

Name of Directors	Nature of interest	Number of Shares	Approximate percentage or attributable percentage of shareholding
Mr. Cheng Kai Ming, Charles ( <i>Note</i> )	Corporate	895,634,229	70.28%
Ms. Cheng Wai Ling, Annie ( <i>Note</i> )	Corporate	895,634,229	70.28%
Mr. Cheng Wai Lun, Andrew ( <i>Note</i> )	Corporate	895,634,229	70.28%

*Note:* These Shares are held by CCAA Group Limited ("CCAA"), an associated corporation (within the meaning of Part XV of the SFO) of the Company. Mr. Cheng Kai Ming, Charles, Ms. Cheng Wai Ling, Annie, Mr. Cheng Wai Lun, Andrew and their 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 895,634,229 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) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial shareholders in other members of the Group**

So far as is known to the Directors and the chief executive of the Company, as at the Latest Practicable Date, the following person (not being Directors or chief executive of the Company) or corporation had, or was deemed to have, interests or short positions in the shares or underlying shares of the Company (including any interests in options in respect of such capital) which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

*Long positions in Shares*

Name of Shareholder	Type of interest	Number of Shares	Approximate percentage or attributable percentage of shareholding
CCAA ( <i>Note</i> )	Beneficial	895,634,229	70.28%

*Note:* CCAA is an associated corporation (within the meaning of Part XV of the SFO) of the Company. Mr. Cheng Kai Ming, Charles, Ms. Cheng Wai Ling, Annie and Mr. Cheng Wai Lun, Andrew, all being executive Directors, are the beneficiaries of the trust which assets include interests in the entire issued share capital of CCAA.

Save as disclosed above, as at the Latest Practicable Date, the Directors and the chief executive of the Company were not aware of any other person (not being Directors or chief executive of the Company) or corporation who had, or was deemed to have, interests or short positions in the shares or underlying shares of the Company (including any interests in options in respect of such capital) which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

**3. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors has entered into or proposed to enter into any service agreement with any member of the Group, which will expire or may not be terminated by the Company within a year without payment of any compensation (other than statutory compensation).

**4. LITIGATION**

As at the Latest Practicable Date, neither the Company nor any other member of the Group is engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened against the Company or any member of the Group.

**5. COMPETING INTERESTS**

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

**6. MISCELLANEOUS**

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