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UPBEST GROUP LIMITED

美建集團有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 335)

ANNOUNCEMENT

The purpose of this announcement is to give you further details of the Property Development Project and to clarify certain issues in the Announcement.

Reference is made to the announcement of the Company dated 7th February 2013 (the “Announcement”) in relation to, among others, the Property Development Project. Unless the context requires otherwise, capitalised terms used herein shall bear the same meanings as defined in the Announcement. The purpose of this announcement is to give you further details of the Property Development Project and to clarify certain issues in the Announcement.

The Board would like to clarify that given the 30% Investor holds 30% interests in Profit Up, which is an indirect non-wholly owned subsidiary of the Company, the 30% Investor would therefore be classified as a connected person to the Company under Chapter 14A of the Listing Rules. Save for its interests in Profit Up, the 30% Investor holds no other interests in the Group and is independent of and not connected with other connected persons of the Company.

The Board would like to further confirm that on 7th February 2013, the Board approved the Property Development Project which would involve the entering into of relevant contracts with various parties.

The Board would like to further clarify that in respect of the committed contractual sums of HK\$148,900,000 as disclosed in the Announcement, save for the Transfer Agreement and the First Construction Contract as disclosed below, Profit Up has not entered into of any written formal agreement with relevant contractors yet as at the date of the Announcement, although the Group has negotiated with separate contractors and confirmed their fee quotes. The Group has planned to enter into relevant agreements with the relevant contractors as soon as possible to implement the Property Development Project.

Among the committed contractual sums of HK\$148,900,000, the expected breakdown of the sums is as follows:

| Expected Sums | Expected Uses |
|---------------------------------|--|
| approximately HK\$54.45 million | Interests of the Land |
| approximately HK\$2.57 million | Being the construction costs of the 2 residential properties on the Land |
| approximately HK\$76.28 million | Being the construction costs of the remaining 30 residential properties on the Land, which includes direct contractor for aluminum windows and doors, special contractor for gas supply and distribution systems |
| approximately HK\$10.41 million | fees to be payable to project manager, architects, structural engineers, building services engineers and others |
| approximately 5.19 million | other miscellaneous costs and expenses |
| Total: HK\$148,900,000 | |

Relevant Contracts entered in respect of the Property Development Project

As at the date of this announcement, the Group has entered into the following written formal agreements in respect of the Property Development Project:

1. Transfer Agreement

As disclosed in the Announcement, in May 2007, the Group has entered into of an agreement (the “Transfer Agreement”) with the transferor, pursuant to which, among others, the transferor agreed to transfer the Land to the Group at the total transfer price of HK\$54,450,000. Principal terms of the Transfer Agreement are set out below.

Date: 21st May 2007

Parties: Golden Phoenix Management Limited as transferor

an individual being the beneficial owner of the transferor as guarantor

Perfect Result Investments Limited (“Perfect Result”), a wholly owned subsidiary of the Company, or its assignee, as the transferee

To the best of the Directors’ knowledge, information and belief, the transferor and the guarantor are Independent Third Parties.

Perfect Result has assigned Profit Up as its assignee to take up the Land.

Subject matter: The interests of the Land

Consideration: HK\$54,450,000 in cash

The consideration was determined with reference to, among others, the potential development value of the Land, the size of the Land and the location of the Land. The Directors consider that the consideration and the terms of the Transfer Agreement are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

2. First Construction Contract

In September 2011, Profit Up and the contractor entered into an agreement (the “First Construction Contract”) pursuant to which the contractor shall construct two residential properties on the Land. The purpose of the First Construction Contract is to provide construction works for the Property Development Project.

Date: 12th September 2011

Parties: Profit Up

安盛建築工程 (On Shing Construction Engineering*) (“On Shing”)

To the best of the Directors’ knowledge, information and belief, On Shing and its ultimate beneficial owners are Independent Third Parties. On Shing is principally engaged in construction business.

Subject matter: Pursuant to the First Construction Contract, On Shing shall construct two residential properties on the Land.

Consideration: HK\$2,570,000 in cash

The consideration was determined with reference to, among others, the works of the contractor. The Directors consider that the consideration and the terms of the First Construction Contract are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

Reasons for entering into of the Transfer Agreement and the First Construction Contract

The Transfer Agreement and the First Construction Contract are part of the contracts entered in relation to the Property Development Project.

Throughout the Property Development Project, it is contemplated that Profit Up will further enter into of a number of additional contracts with various Independent Third Parties after arm’s length negotiations. The consideration of those contracts will be determined with reference to, among others, the services and works to be provided by those contractors and the market price for such services, works and materials. The Directors consider that those contracts will be fair and reasonable and are in the interests of the Company and its shareholders as a whole.

The Company will make further announcement if and when appropriate in respect of the Property Development Project should any contract(s) to be entered into deviate from the expected plan of the Property Development Project as disclosed in the Announcement and this announcement.

By order of the Board of
Upbest Group Limited
IP Man Tin, David
Chairman and Non-Executive Director

Hong Kong, 21st February 2013

As at the date of this announcement, the Board of the Company consists of IP Man Tin, David as chairman and non-executive director, Dr. SZE Ping Fat and Mr. SUEN Man Tak, Stephen as non-executive directors, Mr. MOK Kwai Hang, Ms. CHENG Wai Ling, Annie and Mr. CHENG Wai Lun, Andrew as executive directors and Mr. CHAN Chung Yee, Alan, Mr. POON Kai Tik and Mr. HUI Man Ho, Ivan as independent non-executive directors.

** For identification purposes only*