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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)

DISCLOSEABLE TRANSACTION ACQUISITION OF THE ENTIRE EQUITY INTEREST IN THE TARGET COMPANY AND THE SALE DEBT

THE ACQUISITION

The Board announces that on 10 November 2023 (after trading hours), the Purchaser, being a subsidiary of the Company, entered into the Provisional Sale and Purchase Agreement with the Vendors pursuant to which the Purchaser agreed to acquire from the Vendors the Sale Shares, representing the entire issued shares of the Target Company, and the Sale Debt, at a total consideration of HK\$180,000,000. The Target Company is a limited company incorporated in Hong Kong whose principal activity is property investment. The only assets of the Target Company are the Properties and the leasing thereof.

IMPLICATIONS UNDER THE LISTING RULES

As certain applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceed 5% but less than 25%, the Acquisition constitutes a discloseable transaction and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

THE PROVISIONAL SALE AND PURCHASE AGREEMENT

On 10 November 2023 (after trading hours), the Purchaser, being a subsidiary of the Company, entered into the Provisional Sale and Purchase Agreement with the Vendors. The salient terms of the Provisional Sale and Purchase Agreement are summarised below:

Subject Matter

The Purchaser shall acquire from the Vendors the Sale Shares, representing the entire issued shares of the Target Company, and the Sale Debt. As at 31 December 2022, the Sale Debt amounted to HK\$389,665,102 and is due to an affiliated company of the Target Company known as Full Profit Trading Limited.

Under the Provisional Sale and Purchase Agreement, the Completion shall take place on or before 29 December 2023.

Upon Completion, the Vendors shall transfer the Sale Shares and procure the assignment of the Sale Debt to the Purchaser, and the Properties will remain held by the Target Company and be delivered on an "as is" basis subject to existing tenancies.

Consideration

The total consideration for the Acquisition is HK\$180,000,000 payable in cash by the Purchaser in the following manner:

- (a) HK\$9,000,000 shall be paid as the initial deposit by the Purchaser to the Vendors' solicitors upon signing the Provisional Sale and Purchase Agreement;
- (b) on or before 24 November 2023, the Purchaser shall pay HK\$27,000,000 as the second deposit to the Vendors' solicitors; and
- (c) The balance of the consideration of HK\$144,000,000 shall be paid by the Purchaser in favour of the Vendors upon Completion.

The initial deposit and second deposit under (a) and (b) above shall be held by the Vendors' solicitors as stakeholders who shall release the same to the Vendors upon Completion.

The Consideration was determined after arm's length negotiation between the parties with reference to the estimated market value of the Properties, the prevailing market conditions, and the financial condition of the Target Company. The Acquisition will be financed by the internal resources of the Company and/or external financing from licensed bank in Hong Kong.

The Vendors undertake to deliver to the Purchaser or the Purchaser's solicitors at least five days prior to the Completion Date the proforma completion accounts. If the Net Tangible Assets Value as shown in such proforma completion accounts is more or less than zero, the Balance Payment shall be adjusted upwards or downwards respectively by the amount of the Net Tangible Assets Value.

The Vendors also undertake to deliver to the Purchaser or the Purchaser's solicitors within 45 days from the Completion Date the completion accounts of the Target audited by certified public accountants (practising). If the Net Tangible Assets as shown in such completion accounts is more or less than the Net Tangible Assets Value as shown in the proforma completion accounts, the Purchaser or the Vendors (as the case may be) shall pay the difference to the other party within five days from the date of receipt of such completion accounts.

Conditions precedent

Completion is conditional upon the following:

- (a) the Provisional Sale and Purchase Agreement has been approved by the mortgagee of the Properties;

- (b) the Purchaser having completed the due diligence investigation on the business, financial, legal and all other aspects of the Company and reasonably satisfied with the results thereof;
- (c) the Vendors, shall at the Vendor's own cost, procure the Company to prove and give a good title to the Properties in accordance with the Conveyancing and Properties Ordinance (Cap. 219, Laws of Hong Kong); save otherwise provided in the Provisional Sale and Purchase Agreement; and
- (d) all the representations, undertakings and warranties given by the Vendor under the Provisional Sale and Purchase Agreement and the Formal Agreement are and shall remain true, accurate, correct in all material respects up to the Completion.

If any of the foregoing conditions is not reasonably fulfilled (or waived by the Purchaser) on or before the Completion Date, the Purchaser shall be entitled by no less than 7 business days' prior written notice to cancel the transaction under the Provisional Sale and Purchase Agreement whereupon the Vendor shall return all the deposit paid without any interest to the Purchaser forthwith and neither party shall be entitled to claim against other party for any reliefs.

Upon Completion, the Target Company became an indirect wholly owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the Company's consolidated financial statements.

The Target Company

The Target Company is a limited company incorporated in Hong Kong whose principal activity is property investment. The only assets of the Target Company are the Properties and the leasing thereof.

The Properties are currently either idle or let to tenants who are individuals or corporate and are Independent Third Parties at an aggregate monthly rent of approximately HK\$130,000.

The market value of the Properties based on a preliminary valuation prepared by an independent valuer as at the date of the Provisional Sale and Purchase Agreement was approximately HK\$200,000,000. The net liability of the Target Company as at 31 December 2022 was approximately HK\$65,000,000 after taking into account of the Sale Debt. Financial results of the Target Company for the two years preceding the date of the Provisional Sale and Purchase Agreement are as follows:

	For the year ended 31 December	
	2021	2022
	<i>(audited)</i>	<i>(audited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net loss before tax	15,375	15,582
Net loss after tax	15,375	15,582

REASON FOR THE TRANSACTION

Property investment has been one of the principal activities of the Company and the Company keeps looking for suitable investment opportunity in the property market. The

Properties form parts of a shopping arcade and the car parking spaces located in Bayview Garden in Tsuen Wan, Hong Kong, and is one of the few shopping arcades that locates in the proximity where supply of commercial premises and car parking spaces are limited. Given the current market conditions and the attractive Consideration, the Board considers the Acquisition represents a good investment opportunity for the Group to acquire the rental income property with capital gain potential.

The Board considers the terms of the Provisional Sale and Purchase Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

INFORMATION OF THE PARTIES

The Purchaser is a company incorporated in the British Virgin Islands with limited liability and a subsidiary of the Company whose principal activity is investment holding.

The Vendors are the joint administrator of the late Mr. Tang Shing Bor, who hold 100% of the Sale Shares. To the best of the knowledge, information and belief of the Board, after making all reasonable enquiries, the Vendor is an Independent Third Party.

The Company is a company incorporated in the Cayman Islands with limited liability and listed on the Main Board of the Stock Exchange which is, through its subsidiaries, principally engaged in securities broking, futures broking, securities margin financing, money lending, corporate finance advisory, assets management, precious metal trading and properties investment.

IMPLICATIONS UNDER THE LISTING RULES

As certain applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceed 5% but less than 25%, the Acquisition constitutes a discloseable transaction and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Acquisition”	acquisition of the Sale Shares and Sale Debt by the Purchaser from the Vendors pursuant to the terms and conditions of the Provisional Sale and Purchase Agreement
“Board”	the board of Directors
“Company”	Upbest Group Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (code: 335)
“Completion”	completion of the Acquisition pursuant to the terms and conditions of the Provisional Sale and Purchase

	Agreement and the Formal Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Formal Agreement”	the formal agreement for the Acquisition to be entered into between the Purchaser and the Vendors pursuant to the Provisional Sale and Purchase Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	an independent third party(ies) which is/are not connected with the chief executive, directors and substantial shareholders of the Company or any of its subsidiaries and their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Properties”	the premises comprising (1) commercial units; (2) kindergarten premises on 2 nd lower ground floor of Phase I of the shopping arcade and (3) car parking spaces no. 48 to 89 on 1 st lower ground floor, Bayview Garden, 633 Castle Peak Road, Tsuen Wan, New Territories, Hong Kong
“Provisional Sale and Purchase Agreement”	the provisional sale and purchase agreement entered into between the Purchaser and the Vendors on 10 November 2023
“Purchaser”	Upbest Land Company Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Sale Debt”	the debt owed by the Target Company to Full Profit Trading Limited, being an affiliated company of the Target Company
“Sale Shares”	1 issued share in the capital of the Target Company, representing the entire issued share capital of the Target Company
“Shareholder(s)”	shareholder(s) of the Company

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Vanko Enterprises Limited, a limited company incorporated in Hong Kong whose principal activity is property investment
“Vendors”	Mr. Tang Yiu Man, Raymond and Mr. Tang Yiu Sing as Joint Administrators of the estate of Mr. Tang Shing Bor
“%”	per cent.

By order of the Board
Upbest Group Limited
AU-YONG Shong, Samuel
Company Secretary

Hong Kong, 10 November, 2023

** For identification purpose only*

As at the date of this announcement, the Board of the Company consists of Mr. IP Man Tin, David as chairman and non-executive director, Dr. SZE Ping Fat as non-executive director, Ms. CHENG Wai Ling, Annie and Mr. CHENG Wai Lun, Andrew as executive directors and Mr. CHAN Tsun Choi, Arnold, Mr. POON Kai Tik and Mr. HUI Man Ho, Ivan as independent non-executive directors.