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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 TRANSACTIONS IN RELATION TO PROVISION OF
FINANCIAL ASSISTANCE AND
SUPPLEMENTAL ANNOUNCEMENT
IN RELATION TO THE ANNUAL REPORT FOR THE
YEAR ENDED 31 MARCH 2022**

THE PROVISION OF FINANCIAL ASSISTANCE TO BORROWER A

On 22 March 2018, Gold-Face, as lender, entered into Loan Agreement A1 with Borrower A, pursuant to which the Company agreed to provide Loan A1 in the principal amount of HK\$40.0 million to Borrower A for a term of four years and ten months.

On 20 September 2018, Gold Face, as lender, entered into Loan Agreement A2 with Borrower A, pursuant to which the Company agreed to provide Loan A2 in the principal amount of HK\$25.6 million to Borrower A for a term of four years and four months.

As Loan Agreement A1 and Loan Agreement A2 were entered into by the Group with Borrower A within 12 months, the grant of loans contemplated under Loan Agreement A1 and Loan Agreement A2 require aggregation pursuant to Rule 14.22 of the Listing Rules. Given the applicable percentage ratio(s) is more than 5% but less than 25%, the entering into of Loan Agreement A2 constitutes a discloseable transaction on the part of the Company and is thus subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

THE PROVISION OF FINANCIAL ASSISTANCE TO BORROWER B

On 1 April 2019, Gold-Face, as lender, entered into Loan Agreement B1 with Borrower B1, pursuant to which the Company agreed to provide Loan B1 in the principal amount of HK\$53.5 million to Borrower B1 for a term of 44 months.

On 16 April 2019, Gold Face, as lender, entered into Loan Agreement B2 with Borrower B2, pursuant to which the Company agreed to provide Loan B2 in the principal amount of HK\$27.0 million to Borrower B2 for a term of 44 months.

As Borrower B1 and B2 are parties associated with each other and as Loan Agreement B1 and B2 were both entered into by the Group within 12 months, the grant of loans contemplated under Loan Agreement B1 and Loan Agreement B2 require aggregation

pursuant to Rule 14.22 of the Listing Rules. Given the applicable percentage ratio(s) is more than 5% but less than 25%, the entering into of Loan Agreement B2 constitutes a discloseable transaction on the part of the Company and is thus subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

THE PROVISION OF FINANCIAL ASSISTANCE TO BORROWER C

On 12 April 2019, Gold-Face, as lender, entered into Loan Agreement C with Borrower C, pursuant to which the Company agreed to provide Loan C in the principal amount of HK\$135.0 million, for a term of four years.

Given the applicable percentage ratio(s) for the grant of loan contemplated under Loan Agreement C is more than 5% but are less than 25%, therefore the entering into of Loan Agreement C constituted a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

THE PROVISION OF FINANCIAL ASSISTANCE TO BORROWER D

On 7 April 2020, Gold-Face, as lender, entered into Loan Agreement D1 with Borrower D1, pursuant to which the Company agreed to provide Loan D1 in the principal amount of approximately HK\$9.05 million for a term of 31 months.

On 14 September 2020, Gold-Face, as lender, entered into Loan Agreement D2 with Borrower D2, pursuant to which the Company agreed to provide Loan D2 in the principal amount of approximately HK\$11.1 million for a term of 27 months.

As Borrower D1 and D2 are parties associated with each other and as Loan Agreement D1 and D2 were both entered into by the Group within 12 months, the grant of loans contemplated under Loan Agreement D1 and Loan Agreement D2 require aggregation pursuant to Rule 14.22 of the Listing Rules. Given the applicable percentage ratio(s) is more than 5% but less than 25%, the entering into of Loan Agreement D2 constitutes a discloseable transaction on the part of the Company and is thus subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

THE PROVISION OF FINANCIAL ASSISTANCE TO BORROWER E

On 29 June 2021, Gold-Face, as lender, entered into Loan Agreement E with Borrower E, pursuant to which the Company agreed to provide Loan E in the principal amount of approximately HK\$129.3 million, for a term of one year.

As the applicable percentage ratio(s) for the grant of loan contemplated under Loan Agreement E is more than 5% but are less than 25%, therefore the entering into of Loan Agreement E constituted a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

THE PROVISION OF FINANCIAL ASSISTANCE TO BORROWER F

On 8 July 2021, Gold-Face, as lender, entered into Loan Agreement F1 with Borrower F1, pursuant to which the Company agreed to provide Loan F1 in the principal amount of approximately HK\$27.7 million, for a term of 16 months.

On 5 November 2021, Gold-Face, as lender, entered into Loan Agreement F2 with Borrower F2, pursuant to which the Company agreed to provide Loan F2 in the principal amount of HK\$8.4 million, for a term of one year and one month.

As Borrower F1 and F2 are parties associated with each other and as Loan Agreement F1 and F2 were both entered into by the Group within 12 months, the grant of loans contemplated under Loan Agreement F1 and Loan Agreement F2 require aggregation pursuant to Rule 14.22 of the Listing Rules. Given the applicable percentage ratio(s) is more than 5% but less than 25%, the entering into of Loan Agreement F2 constitutes a discloseable transaction on the part of the Company and is thus subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

THE PROVISION OF FINANCIAL ASSISTANCE TO BORROWER G

On 23 December 2021, Gold-Face, as lender, entered into Loan Agreement G with Borrower G, pursuant to which the Company agreed to provide Loan G in the principal amount of HK\$30.0 million, for a term of one year.

Given the applicable percentage ratio(s) for the grant of loan contemplated under Loan Agreement G is more than 5% but are less than 25%, therefore the entering into of Loan Agreement G constituted a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2022

In addition to the information provided in the Annual Report, the Board would like to provide further information in relation to the Annual Report.

THE PROVISION OF FINANCIAL ASSISTANCE TO BORROWER A

Loan Agreement A1

On 22 March 2018, Gold-Face, as lender, entered into Loan Agreement A1 with Borrower A, pursuant to which the Company agreed to provide Loan A1 in the principal amount of HK\$40.0 million to Borrower A for a term of four years and ten months.

The principal terms of the Loan Agreement A1 are set out below:

Date	:	22 March 2018
Lender	:	Gold-Face
Borrower	:	Borrower A
Principal Loan Amount	:	HK\$40,000,000
Interest Rate	:	12% per annum, payable on a monthly basis
Term	:	4 years and 10 months
Security	:	Personal guarantee by the ultimate beneficial owner of Borrower A and corporate guarantee by a third party

Loan Agreement A2

On 20 September 2018, Gold-Face, as lender, entered into Loan Agreement A2 with Borrower A, pursuant to which the Company agreed to provide Loan A2 in the principal amount of HK\$25.6 million to Borrower A for a term of four years and four months.

The principal terms of the Loan Agreement A2 are set out below:

Date	:	20 September 2018
Lender	:	Gold-Face
Borrower	:	Borrower A
Principal Loan Amount	:	HK\$25,600,000, payable on quarterly basis
Interest Rate	:	12.25% per annum
Term	:	4 years and 4 months
Security	:	Corporate guarantee by a third party

THE PROVISION OF FINANCIAL ASSISTANCE TO BORROWER B1 AND B2

Loan Agreement B1

On 1 April 2019, Gold-Face, as lender, entered into Loan Agreement B1 with Borrower B1, pursuant to which the Company agreed to provide Loan B1 in the principal amount of HK\$53.5 million to Borrower B1 for a term of 44 months.

The principal terms of the Loan Agreement B1 are set out below:

Date	:	1 April 2019
Lender	:	Gold-Face
Borrower	:	Borrower B1
Principal Loan Amount	:	HK\$53,500,000
Interest Rate	:	12% per annum, payable on a monthly basis
Term	:	44 months
Security	:	Share charge and personal guarantee by Borrower B2

Loan Agreement B2

On 16 April 2019, Gold-Face, as lender, entered into Loan Agreement B2 with Borrower B2, pursuant to which the Company agreed to provide Loan B2 in the principal amount of HK\$27.0 million to Borrower B2 for a term of 44 months.

The principal terms of the Loan Agreement B2 are set out below:

Date	:	16 April 2019
Lender	:	Gold-Face
Borrower	:	Borrower B2
Principal Loan Amount	:	HK\$27,000,000
Interest Rate	:	12.25% per annum, payable on a monthly basis
Term	:	44 months
Security	:	Residential properties in Hong Kong

THE PROVISION OF FINANCIAL ASSISTANCE TO BORROWER C

Loan Agreement C

On 12 April 2019, Gold-Face, as lender, entered into Loan Agreement C with Borrower C, pursuant to which the Company agreed to provide Loan C in the principal amount of HK\$135.0 million, for a term of four years.

The principal terms of the Loan Agreement C are set out below:

Date	:	12 April 2019
Lender	:	Gold-Face
Borrower	:	Borrower C
Principal Loan Amount	:	HK\$135,000,000
Interest Rate	:	12.25% per annum, payable on annual basis
Term	:	4 years
Security	:	Personal guarantee by Borrower F1 and corporate guarantee by the subsidiary of Borrower C

THE PROVISION OF FINANCIAL ASSISTANCE TO BORROWER D1 AND D2

Loan Agreement D1

On 7 April 2020, Gold-Face, as lender, entered into Loan Agreement D1 with Borrower D1, pursuant to which the Company agreed to provide Loan D1 in the principal amount of HK\$9.05 million for a term of 31 months.

The principal terms of the Loan Agreement D1 are set out below:

Date	:	7 April 2020
Lender	:	Gold-Face
Borrower	:	Borrower D1
Principal Loan Amount	:	HK\$9,050,000
Interest Rate	:	12% per annum, payable on a monthly basis
Term	:	31 months
Security	:	Share charge, personal guarantee by spouse of Borrower D1 and corporate guarantee by a third party

Loan Agreement D2

On 14 September 2020, Gold-Face, as lender, entered into Loan Agreement D2 with Borrower D2, pursuant to which the Company agreed to provide Loan D2 in the principal amount of approximately HK\$11.1 million for a term of 27 months.

The principal terms of the Loan Agreement D2 are set out below:

Date	:	14 September 2020
Lender	:	Gold-Face
Borrower	:	Borrower D2
Principal Loan Amount	:	HK\$11,097,623.28
Interest Rate	:	21.6% per annum, payable on a monthly basis
Term	:	27 months
Security	:	Residential properties in Hong Kong, personal guarantee by Borrower D1 and corporate guarantee by a third party

THE PROVISION OF FINANCIAL ASSISTANCE TO BORROWER E

Loan Agreement E

On 29 June 2021, Gold-Face, as lender, entered into Loan Agreement E with Borrower E, pursuant to which the Company agreed to provide Loan E in the principal amount of approximately HK\$129.3 million, for a term of one year.

The principal terms of the Loan Agreement E are set out below:

Date	:	29 June 2021
Lender	:	Gold-Face
Borrower	:	Borrower E
Principal Loan Amount	:	HK\$129,253,130.08
Interest Rate	:	8.5% per annum, payable on quarterly basis
Term	:	1 year
Security	:	Residential property in Hong Kong

THE PROVISION OF FINANCIAL ASSISTANCE TO BORROWER F1 AND F2

Loan Agreement F1

On 8 July 2021, Gold-Face, as lender, entered into Loan Agreement F1 with Borrower F1, pursuant to which the Company agreed to provide Loan F1 in the principal amount of approximately HK\$27.7 million, for a term of 16 months.

The principal terms of the Loan Agreement F1 are set out below:

Date	:	8 July 2021
Lender	:	Gold-Face
Borrower	:	Borrower F1
Principal Loan Amount	:	HK\$27,670,000
Interest Rate	:	12% per annum, payable on a monthly basis
Term	:	16 months
Security	:	Residential property in Hong Kong

Loan Agreement F2

On 5 November 2021, Gold-Face, as lender, entered into Loan Agreement F2 with Borrower F2, pursuant to which the Company agreed to provide Loan F2 in the principal amount of HK\$8.4 million, for a term of one year and one month.

The principal terms of the Loan Agreement F2 are set out below:

Date	:	5 November 2021
Lender	:	Gold-Face
Borrower	:	Borrower F2
Principal Loan Amount	:	HK\$8,400,000
Interest Rate	:	12% per annum, payable on quarterly basis
Term	:	1 year and 1 month
Security	:	Personal guarantee by one of the shareholders of Borrower F2

THE PROVISION OF FINANCIAL ASSISTANCE TO BORROWER G

Loan Agreement G

On 23 December 2021, Gold-Face, as lender, entered into Loan Agreement G with Borrower G, pursuant to which the Company agreed to provide Loan G in the principal amount of HK\$30.0 million, for a term of one year.

The principal terms of the Loan Agreement G are set out below:

Date	:	23 December 2021
Lender	:	Gold-Face
Borrower	:	Borrower G
Principal Loan Amount	:	HK\$30,000,000
Interest Rate	:	18% per annum, payable on a monthly basis
Term	:	1 year
Security	:	Share charge and personal guarantee by directors and shareholders of Borrower G

INFORMATION ON THE LENDER

Gold-Face is a private company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of the Company. Gold-Face is a licensed money lender under the Money Lenders Ordinance with its principal business being money lending.

INFORMATION ON THE BORROWERS

Borrower A is a private company incorporated in Hong Kong with limited liability and its principal business is trading of copper products. The ultimate beneficial owner of Borrower A is a businesswoman. To the best of the Directors' knowledge, information and belief of the Directors having made all reasonable enquiries, Borrower A and its ultimate beneficial owner are third parties independent of the Group and connected persons of the Group.

Borrower B1 is a private company incorporated in the British Virgin Islands with limited liability and its principal business is investment. B2 is the ultimate beneficial owner of B1. To the best of the Directors' knowledge, information and belief of the Directors having made all reasonable enquiries, Borrower B1 and its ultimate beneficial owner are third parties independent of the Group and connected persons of the Group.

Borrower B2, a Hong Kong resident, is a professional accountant and a merchant engages in trading in the textiles & clothing industry. To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, Borrower B2 is a third party independent of the Group and connected persons of the Group.

Borrower C is a private company incorporated in the British Virgin Islands with limited liability and its principal business is property investment. Borrower F1 is one of the two ultimate beneficial owners of Borrower C. The ultimate beneficial owners of Borrower Care businessmen. To the best of the Directors' knowledge, information and belief of the Directors having made all reasonable enquiries, Borrower C and its ultimate beneficial owner are third parties independent of the Group and connected persons of the Group.

Borrower D1, a Hong Kong resident, is a merchant who engage in property investment. To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, Borrower D1 is a third party independent of the Group and connected persons of the Group.

Borrower D2 is a private company incorporated in Hong Kong with limited liability and its principal business is property investment. Borrower D1 is one of the ultimate beneficial owner of Borrower D2. To the best of the Directors' knowledge, information and belief of the Directors having made all reasonable enquiries, Borrower D2 and its ultimate beneficial owner are third parties independent of the Group and connected persons of the Group.

Borrower E, a Hong Kong resident, is a merchant who previously engaged in the provision of immigration consultation service. To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, Borrower E is a third party independent of the Group and connected persons of the Group.

Borrower F1, a Hong Kong resident, is a businessman who engage in property investment. To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, Borrower F1 is a third party independent of the Group and connected persons of the Group.

Borrower F2 is a private company incorporated in the British Virgin Islands with limited liability and its principal business is investment. Borrower F1 is the ultimate beneficial owner of Borrower F2. To the best of the Directors' knowledge, information and belief of the Directors having made all reasonable enquiries, Borrower F2 and its ultimate beneficial owner are third parties independent of the Group and connected persons of the Group.

Borrower G is a company incorporated in the Cayman Islands with limited liability, and the shares of which are listed on the Main Board of the Stock Exchange. Borrower G is an investment holding company and its subsidiaries are principally engaged in manufacturing and sales of toys. To the best of the Directors' knowledge, information and belief of the Directors having made all reasonable enquiries, Borrower G and its ultimate beneficial owners are third parties independent of the Group and connected persons of the Group.

It is required under Rule 14.58(2) of the Listing Rules to disclose the identity of the Borrowers. However, as the Group did not have consent from the Borrowers for the disclosure of their identities, the Company has practical difficulties in complying with the aforesaid disclosure requirement.

REASONS FOR AND BENEFITS OF ENTERING INTO THE LOAN AGREEMENTS

Taking into account the principal business activities of the Group, the transactions contemplated under the Loan Agreements are in the ordinary and usual course of business of the Group. The terms of the Loan Agreements were negotiated on an arm's length basis between Gold-Face and Borrowers. The Directors consider that the grant of the Loans are financial assistance provided by the Group within the meaning of the Listing Rules. The

Directors are of the view that the terms of the Loan Agreements were entered into on normal commercial terms based on the Group's credit risk assessment policy and internal control procedures. Taking into account the satisfactory financial background of the Borrowers and that a stable revenue and cashflow stream from the interest income, the Directors consider that the terms of the Loan Agreements are fair and reasonable and the entering into of the Loan Agreements are in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

Loan Agreement A1 and Loan Agreement A2

At the material time when the Loan Agreement A1 was entered into, given that the applicable percentage ratios for the transactions contemplated thereunder were less than 5%, the Loan Agreement A1 was exempted from the disclosure requirements under Chapter 14 of the Listing Rules.

However, as Loan Agreement A1 and Loan Agreement A2 were entered into by the Group with Borrower A within 12 months, the grant of loans contemplated under Loan Agreement A1 and Loan Agreement A2 require aggregation pursuant to Rule 14.22 of the Listing Rules. Given the applicable percentage ratio(s) is more than 5% but less than 25%, the entering into of Loan Agreement A2 constitutes a discloseable transaction on the part of the Company and is thus subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Loan Agreement B1 and Loan Agreement B2

At the material time when the Loan Agreement B1 was entered into, given that the applicable percentage ratios for the transactions contemplated thereunder were less than 5%, the Loan Agreement B1 was exempted from the disclosure requirements under Chapter 14 of the Listing Rules.

However, as Borrower B1 and B2 are parties associated with each other and as Loan Agreement B1 and B2 were both entered into by the Group within 12 months, the grant of loans contemplated under Loan Agreement B1 and Loan Agreement B2 require aggregation pursuant to Rule 14.22 of the Listing Rules. Given the applicable percentage ratio(s) is more than 5% but less than 25%, the entering into of Loan Agreement B2 constitutes a discloseable transaction on the part of the Company and is thus subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Loan Agreement C

Given the applicable percentage ratio(s) for the grant of loan contemplated under Loan Agreement C is more than 5% but are less than 25%, therefore the entering into of Loan Agreement C constituted a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

Loan Agreement D1 and Loan Agreement D2

At the material time when the Loan Agreement D1 was entered into, given that the applicable percentage ratios for the transactions contemplated thereunder were less than 5%, the Loan Agreement D1 was exempted from the disclosure requirements under Chapter 14 of the Listing Rules.

However, as Borrower D1 and D2 are parties associated with each other and as Loan Agreement D1 and D2 were both entered into by the Group within 12 months, the grant of loans contemplated under Loan Agreement D1 and Loan Agreement D2 require aggregation pursuant to Rule 14.22 of the Listing Rules. Given the applicable percentage ratio(s) is more than 5% but less than 25%, the entering into of Loan Agreement D2 constitutes a discloseable transaction on the part of the Company and is thus subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Loan Agreement E

As the applicable percentage ratio(s) for the grant of loan contemplated under Loan Agreement E is more than 5% but are less than 25%, therefore the entering into of Loan Agreement E constituted a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

Loan Agreement F1 and Loan Agreement F2

At the material time when the Loan Agreement F1 was entered into, given that the applicable percentage ratios for the transactions contemplated thereunder were less than 5%, the Loan Agreement F1 was exempted from the disclosure requirements under Chapter 14 of the Listing Rules.

However, as Borrower F1 and F2 are parties associated with each other and as Loan Agreement F1 and F2 were both entered into by the Group within 12 months, the grant of loans contemplated under Loan Agreement F1 and Loan Agreement F2 require aggregation pursuant to Rule 14.22 of the Listing Rules. Given the applicable percentage ratio(s) is more than 5% but less than 25%, the entering into of Loan Agreement F2 constitutes a discloseable transaction on the part of the Company and is thus subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Loan Agreement G

Given the applicable percentage ratio(s) for the grant of loan contemplated under Loan Agreement G is more than 5% but are less than 25%, therefore the entering into of Loan Agreement G constituted a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

REMEDIAL ACTIONS

The Company acknowledges this announcement should have been published as soon as practicable pursuant to the Listing Rules after entering into Loan Agreement A2, Loan Agreement B2, Loan Agreement C, Loan Agreement D2, Loan Agreement E, Loan Agreement F2 and Loan Agreement G. The Company has not complied with the relevant

Listing Rules requirements in relation to the disclosure due to misunderstanding on the relevant Listing Rules given that the money lending business has always been one of the ordinary businesses of the Group. The Company (1) has instructed the senior management to take all necessary measures to examine all the loans of the Group and ensure they are in full compliance with the Listing Rules; and (2) will work more closely with its legal advisors on compliance issues. It is always the intention of the Company to fully comply with the Listing Rules. The Board and senior management of the Group are now fully aware of the relevant requirements under the Listing Rules and will ensure that the Company will comply with the relevant Listing Rules and to avoid the recurrence of similar events in the future.

SUPPLEMENTAL INFORMATION IN RELATION TO THE ANNUAL REPORT

In addition to the information disclosed in the Annual Report, the Company would like to supplement the following additional information to the following sections of the Annual Report.

Business model of the Group's money lending business

As disclosed in the Annual Report, the revenue generated from contracts with money lending customers amounted to approximately HK\$73,014,000 for FY2022.

Our money lending business aims at providing loans to individuals and corporations in Hong Kong. Gold-Face mainly uses its own funds to carries out money lending business. For FY2022, the number of loans of Gold-Face who were provided with money lending services were approximately 80 and most of them were independent individuals and corporations, with principal amounts ranging from HK\$1,000 to HK\$135,000,000. The clients were introduced to our money lending services through existing clients or referrals by acquaintances of the Group.

Breakdown of the loan receivables and the key terms

As at 31 March 2022, the Company had loan receivables amounted to approximately HK\$822 million, among which approximately HK\$260 million, HK\$522 million, HK\$21 million and HK\$19 million were attributable to corporate structured loans, mortgage loans, consumer finance and small business loans respectively. Key terms of each of the loan categories are summarised below:-

Corporate structured loans

Number of loans	Background of the borrower	Loan receivables*	Securities /Guarantees	Interest Rate (per annum)	Repayment period
5	Listed and unlisted corporations	HK\$260 million (HK\$8.4 million to HK\$167.2 million)	Share charges and/or personal guarantees and/or corporate guarantees	12%-18%	1 year to 4 years and 10 months

Mortgage loans

Number of loans	Background of the borrower	Loan receivables*	Securities /Guarantees	Interest Rate (per annum)	Repayment period
45	Individuals, corporations, substantial shareholders of listed companies	HK\$522 million (HK\$1,000 to HK\$129 million)	Share charges and/or charges over properties and/or personal guarantees and/or corporate guarantees	P-1% - 24%	6 months to 30 years

Consumer finance

Number of loans	Background of the borrower	Loan receivables*	Securities /Guarantees	Interest Rate (per annum)	Repayment period
28	Individuals	HK\$21 million (HK\$167,960 to HK\$9.4 million)	Personal guarantees and/or corporate guarantees	5.5%-18%	3 months to 8 years

Small business loans

Number of loans	Background of the borrower	Loan receivables*	Securities /Guarantees	Interest Rate (per annum)	Repayment period
2	Private companies	HK\$19 million (HK\$4.5 million to HK\$14.3 million)	Share charges and/or corporate guarantees	12%-36%	2 years to 4 years

*Loan receivables represent loan principal plus interest after ECL.

Terms of each of the loans such as interest rate charged, repayment period and the requirements for collaterals, securities or guarantees are assessed by Gold-Face on a case-by-case basis. Interest rates charged by Gold-Face range from Hong Kong Dollar prime rate – 1% to 36% per annum and the repayment period for loans range from three months to 30 years.

Credit Risk Assessment Policy and Internal Control Procedures

As disclosed in the Annual Report, a Credit Committee (the “**Credit Committee**”) comprises of two executive Directors, credit manager and other members from the compliance department and account department of the Group. The executive Directors are mainly responsible for overseeing the credit and lending strategies and objectives of the money lending segment and reviewing the quality and performance of the loans.

All decisions for money lending applications are handled by the Credit Committee. Before granting the loans, clients are required to pass financial backgrounds and credit checks. Factors including financial positions, credit history, employment status (for individuals only), availability and value of collaterals, identity and financial background of guarantors would be assessed by the Credit Committee before loans are granted. Clients would also need to provide documents including but not limited to identity proof, address proof, financial information in the course of loan applications so the Credit Committee may assess the applicant’s repayment ability. Valuations on collaterals are conducted by independent professionals engaged by the Group in order to assess the loan application. The loan-to-value ratio depends on the value of the collateral and the results of the financial and credit checks of the clients, but in general is no more than 70% of the collateral value at the time when the loan is approved. The Credit Committee meets weekly and ad-hoc meetings are held when market and economic conditions change significantly in order to closely monitor the loan recoverability of the clients.

In accordance with the internal control policies of the Group, Gold-Face reviews the value of the collateral regularly (semi-annual basis for properties and daily basis for listed securities) and reports to the Board on a regular basis, senior management of the Company also conducts regular reviews and carry out follow up actions in respect of overdue amounts to minimize the Group’s exposure to credit risk and follow up closely with clients as to the deadlines in payment of interest of the loans.

The Group’s account department and the Board monitor the working capital ratio, quick ratio and relevant financial ratios closely in order to balance the risk and return of the Group and ensure its sustainability. An aging analysis is also prepared on a monthly basis and is closely monitored to minimize any credit risk associated with the debtors.

Gold-Face also has standard internal procedures in relation to loan collection. Gold-Face will send reminders or demand letters to its clients in case of defaults. The condition of loan collection and persistence of default for loans (if any) are reported to the Board regularly.

GENERAL

The information contained in this supplemental announcement does not affect other information contained in the Annual Report and save as disclosed above, all other information in the Annual Report remains unchanged.

DEFINITIONS

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

“Annual Report”	annual report of the Company for the financial year ended 31 March 2022
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Borrowers”	Including Borrower A, Borrower B1, Borrower B2, Borrower C, Borrower D1, Borrower D2, Borrower E, Borrower F1, Borrower F2 and Borrower G
“Company”	Upbest Group Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Stock Exchange (Stock Code: 335)
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“FY2022”	financial year of the Company ended 31 March 2022
“Gold-Face”	Gold-Face Finance Limited
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Agreements”	including Loan Agreement A1, Loan Agreement A2, Loan Agreement B1, Loan Agreement B2, Loan Agreement C, Loan Agreement D1, Loan Agreement D2, Loan Agreement E, Loan Agreement F1, Loan Agreement F2 and Loan Agreement G
“Money Lenders Ordinance”	the Money Lenders Ordinance (Chapter 163 of the laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company

“Shareholder(s)”	holder(s) of the Share(s)
Stock Exchange	The Stock Exchange of Hong Kong Limited
“%”	per cent

By order of the Board
Upbest Group Limited
CHENG Lai Kei
Company Secretary

Hong Kong, 17 October, 2022

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, Mr. CHENG Wai Lun, Andrew, and Mr. MOK Kwai Hang as executive directors and Mr. CHAN Tsun Choi, Arnold, Mr. POON Kai Tik and Mr. HUI Man Ho, Ivan as independent non-executive directors.

** For identification purpose only*