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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)*

**SUPPLEMENTAL ANNOUNCEMENT  
IN RELATION TO  
DISCLOSEABLE TRANSACTION  
PROVISION OF FINANCIAL ASSISTANCE**

Reference is made to the announcement of the Company dated 10 February 2023 (the “**Announcement**”) in relation to, among others, the Loan Agreement. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

**BACKGROUND**

As security for the Outstanding Indebtedness, a share charge (the “**Existing Share Charge**”) over the entire equity interest in the Charged Company, which directly holds not less than 99.99% of the issued share capital of the Sports Team participated in Ligue 2, the French professional football league in the last football season.

On 28 June 2023, the organisation responsible for monitoring and overseeing the accounts of the French professional football league confirmed the administrative relegation of the Sports Team from Ligue 2 to National 1, being the third division of the French professional football league (the “**Demotion**”). As informed by Customer A, the Charged Company intends to sell or dispose of all or some of its shares or equity interest in the Sports Team (the “**Proposed Disposal**”).

**DEMAND OF FURTHER SECURITY**

In light of the Demotion and the Proposed Disposal, Gold-Face (being an indirect wholly-owned subsidiary of the Company), as lender, issued written notices to Customer A in accordance with the Loan Agreement to demand the provision of the Additional Share Charge (defined as below), the Additional Assignment of Debt by way of Security (defined as below) and the Corporate Guarantee (defined as below) as further security and assurances to secure the obligations of Customer A under the Loan Agreement.

### *Additional Share Charge*

The Board announces that on 24 July 2023 (after trading hours of the Stock Exchange), the Chargor (defined as below) entered into a share charge (the “**Additional Share Charge**”) over 30% of the issued share capital of the HK Charged Company (defined as below) in favour of Gold-Face for the due and punctual performance of Customer A’s obligations under the Loan Agreement and any of the Security Documents.

### *Additional Assignment of Debt by way of Security*

The Board further announces that on 24 July 2023 (after trading hours of the Stock Exchange), the Assignor (defined as below), entered into a deed of assignment (the “**Additional Assignment of Debt by way of Security**”) in respect of all the rights, title, benefits and interests of the debt, being all debts, obligations, liabilities and other loans (in the sum of approximately RMB121,985,000 (equivalent to approximately HK\$131,134,000)) owing, indebted or incurred by HK Charged Company to the Assignor as at the date of the Additional Assignment of Debt by way of Security and from time to time in favour of Gold-Face for the due and punctual performance of Customer A’s obligations under the Loan Agreement and any of the Security Documents.

### *Corporate Guarantee*

The Board further announces that on 24 July 2023 (after trading hours of the Stock Exchange), the HK Charged Company, as guarantor, entered into an unconditional and irrevocable guarantee (the “**Corporate Guarantee**”) in favour of Gold-Face for the due and punctual performance of Customer A’s obligations under the Loan Agreement and any of the Security Documents.

## **INFORMATION ON THE ASSIGNOR, THE CHARGOR AND THE HK CHARGED COMPANY**

### *Assignor*

The assignor (the “**Assignor**”) under the Additional Assignment of Debt by way of Security, is a Hong Kong individual and the spouse of Customer A.

### *Chargor*

The chargor (the “**Chargor**”) under the Additional Share Charge, is a company incorporated in the British Virgin Islands with limited liability and is indirectly wholly-owned by the spouse of Customer A. As at the date of this announcement, save for being the ultimate beneficial owner of the Chargor, the Assignor is also the sole director of the Chargor.

### *HK Charged Company*

The guarantor under the Corporate Guarantee and the company charged under the Additional Share Charge, is a company incorporated in Hong Kong with limited liability (the “**HK Charged Company**”) and is wholly and beneficially owned as to 100% by the Chargor, which in turn is indirectly wholly-owned by the spouse of Customer A. As at the date of this

announcement, both Customer A and the spouse of Customer A are the directors of the HK Charged Company.

The HK Charged Company is principally engaged in investment holding and its subsidiaries (the “**PRC Subsidiaries**”) are principally engaged in property development in the PRC.

The PRC Subsidiaries are, together, involved in a property development project (the “**PRC Property**”) for mixed residential, commercial and recreation use in Foshan, the PRC, and the PRC Subsidiaries are registered owners of plots of land with an aggregate site area of approximately 179,000 square metres and a total gross floor area of 546,000 square metres. According to the valuation performed by an independent valuer, the market value of the PRC Property amounted to approximately RMB11,101,700,000 as at 31 December 2021, which was assessed using (a) direct comparison approach, which makes reference to comparable sales evidence as available in the relevant market; and (b) residual approach which assess the value by deducting the development costs, interest and developer’s profit from the estimated gross development value.

The principal assumptions upon which the valuation of the PRC Property was based are as follows:

- the PRC Property has been granted with the proper legal title and may be transferred with the residual term of the land use rights at no extra land premium or other onerous payment payable to the government;
- all land premium, demolition and settlement and public utilities costs have been fully settled;
- the design and construction of the PRC Property are in compliance with the local planning regulations and have been approved by the relevant authorities; and
- the PRC Property may be disposed of freely to third parties.

**Financial information of the HK Charged Company**

Set out below is the financial information of the HK Charged Company based on its financial statements for the two years ended 31 December 2022:

	<b>For the year ended 31 December 2021 (audited) RMB’000</b>	<b>For the year ended 31 December 2022 (unaudited) RMB’000</b>
Revenue	-	-
Profit/(loss) before taxation	(252,829)	105,598
Profit/(loss) after taxation	(252,829)	105,598

The total assets, total liabilities and net assets of the HK Charged Company as at 31 December 2022 based on its unaudited financial statements were approximately RMB796,883,000 (equivalent to approximately HK\$856,649,000), RMB146,319,000 (equivalent to

approximately HK\$157,293,000) and RMB650,564,000 (equivalent to approximately HK\$699,356,000), respectively.

## **REASONS FOR AND BENEFITS OF DEMANDING THE PROVISION OF ADDITIONAL SECURITY DOCUMENTS**

As lender, the Group ensures that the Outstanding Indebtedness under the Loan would be, at all times, secured by sufficient collaterals during the term of the Loan with an acceptable loan-to-value ratio of the Loan to the Group of no more than 70%.

In view of the Demotion and the Proposed Disposal, the Board demanded the provision of the Additional Share Charge, the Additional Assignment of Debt by way of Security and the Corporate Guarantee (collectively, the “**Additional Security Documents**”) as further security and assurances to secure the obligations of Customer A under the Loan Agreement.

Having considered (i) the charged assets under the Additional Security Documents would continue to provide sufficient security for the Loan in the event the Proposed Disposal materialises, and Gold-Face would, if consider appropriate, release the Existing Share Charge; and (ii) after the release of the Existing Share Charge, the loan-to-value ratio of the charged assets (including the charged assets under the Additional Security Documents) under the Loan would be approximately 30.63%, the Board is of the view that the terms of each of the Additional Security Documents are of normal commercial terms, fair and reasonable and the demand of provision of the Additional Security Documents is in the interests of the Company and the Shareholders as a whole.

The Board confirmed that the supplemental information provided in this announcement does not affect any other information contained in the Announcement and, save as disclosed above, the contents of the Announcement remain unchanged.

By order of the Board  
**Upbest Group Limited**  
**Ip Man Tin, David**  
*Chairman*

Hong Kong, 24 July 2023

*For the purpose of this announcement, unless otherwise indicated, conversions of RMB into HK\$ is calculated at the approximate exchange rates of RMB1.00 to HK\$1.0750. These exchange rates are adopted for the purpose of illustration purpose only and do not constitute a representation that any amounts have been, could have been, or may be, exchanged at these rates or any other rates at all.*

*As at the date of this announcement, the board of directors 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*