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UPBEST GROUP LIMITED

(incorporated in the Cayman Islands with limited liability)

CONNECTED TRANSACTION Investment Management Fee

UAML entered into an investment management agreement with UBA on 31 March 2003 for a period of 3 years commencing from 1 April 2003. The estimated aggregate value of the Connected Transaction for the three financial years ending 31 March 2006 will be approximately HK\$4.5 million (approximately HK\$1.5 million per year).

The substantial shareholder of the Company holds 32.08% of UBA and thus UBA is an associate of the Company. Accordingly, the investment management agreement constitutes a connected transaction under Chapter 14 of the Listing Rules for the Company.

According to Rule 14.25(1) of the Listing Rules, the Company is required to disclose the details of the connected transaction by way of a press announcement and include the information in relation to the transaction disclosed herein in the next published annual report and accounts of the Company. The Company has applied to the Stock Exchange for a waiver from strict compliance with the requirements as stipulated in Rule 14.25 (1) under Chapter 14 of the Listing Rules in respect of the Connected Transactions for each of the financial year ending 31 March 2004, 2005 and 2006.

INVESTMENT MANAGEMENT AGREEMENT

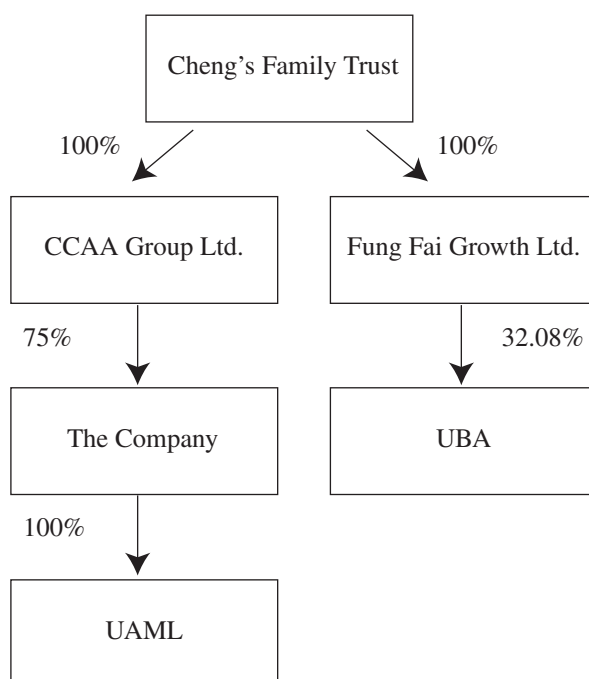
Date:	31 March 2003
Period:	1 April 2003 to 31 March 2006
Investment Manager:	UAML, a private company incorporated in Hong Kong with limited liability, is registered as an investment adviser with the Securities and Futures Commission and is principally engaged in the provision of investment and asset management services for discretionary and non-discretionary funds.
Investment Management Fee:	Receivable from UBA at a monthly rate at 1.5% per annum of the consolidated net asset value of UBA as at the immediately preceding valuation date on the basis of the actual number of days in the relevant calendar month over a year of 365 days. The valuation date is the last dealing day of the Stock Exchange of that particular month. UAML will not be entitled to any other types of fee other than this investment management fee and out-of-pocket reimbursement.

Pursuant to the Investment Management Agreement, UAML will provide UBA with investment management services for a period of three years from 1 April 2003 to 31 March 2006. The estimated value of the Connected Transactions for each of the three financial years ending 31 March 2004, 2005 and 2006 will not exceed the higher of either HK\$10 million or 3% of consolidated net assets value of the Group for the relevant financial year in question.

On the basis of the press announcement of the unaudited consolidated net asset value of UBA accounted to HK\$94,769,000 as at 28 February 2003, the estimated aggregate value of the Connected Transactions for the three financial years ending 31 March 2004, 2005 and 2006 will be approximately HK\$4.5 million (approximately HK\$1.5 million per year).

CONNECTED TRANSACTION

CCAA Group Limited, an investment holding company, holds 75% interest in the Company and thus indirectly owns 75% interest in UAML. Fung Fai Growth Limited, an investment holding company, holds 32.08% of UBA. The ultimate beneficial owner of Fung Fai Growth Limited and CCAA Group Limited is Cheng's Family Trust. The following diagram will elaborate the relationship:



In view of the above, UBA is an associate of the Company. Accordingly, the investment management agreement constitutes a connected transaction for the Company under Chapter 14 of the Listing Rules. Under Rule 14.25(1) of the Listing Rules, the Company is required to disclose the details of the connected transaction by way of a press announcement and include the information in relation to the transaction disclosed herein in the next published annual report and accounts of the Company.

BASIS OF THE CONSIDERATION

The terms of the Connected Transactions have been negotiated between UAML and UBA on an arm's length basis and has taken into account the investment management fee rate prevailing in the market.

The Investment Management Agreement was entered into in the ordinary and usual course of business on normal commercial terms. The Directors, including the independent non-executive directors, are of the opinion that the investment management agreement is fair and reasonable, entered into on normal commercial terms and is in the best interests of the Company's shareholders.

APPLICATION TO THE STOCK EXCHANGE FOR A WAIVER

The Connected Transactions occur on a regular and continuing basis, arise in the ordinary and usual course of business of the Company and on normal commercial terms. Strict compliance with the requirements under Chapter 14 of the Listing Rules would be impractical and unduly burdensome for the Company and the costs involved in complying with such requirements would not be beneficial to the Shareholders. Application has been made to the Stock Exchange for a waiver from strict compliance with the requirement of disclosure by press announcement as stipulated in Rule 14.25 (1) under Chapter 14 of the Listing Rules in connection with the Connected Transactions on each occasion they arise for the three financial years ending 31 March 2004, 2005 and 2006 on the following basis:

1. the Connected Transactions will be:
 - (a) entered into in the ordinary and usual course of the business of the Company;
 - (b) conducted on normal commercial terms and on arm's length basis and on terms that are fair and reasonable so far as the Shareholders are concerned and in the interest of the Company as a whole; and
 - (c) entered into in accordance with the terms of the Investment Management Agreement.
2. in any financial year, the aggregate value of the Connected Transactions will not exceed the higher of either HK\$10 million or 3% of the consolidated net assets value of the Group for the relevant financial year in question;
3. that the details of the Connected Transactions in each financial year as required under Rule 14.25(1)(A) to (D) will be disclosed in the Company's annual reports for that financial year together with a statement of the opinion of the independent non-executive directors of the Company and the auditors of the Company referred to in (4) and (5) below;
4. that the independent non-executive directors of the Company shall review the Connected Transactions annually, and confirm in the Company's annual report for each of the financial year that the Connected Transactions have been conducted in the manner as stated in (1) above and comply with the relevant annual cap stated in (2) above;
5. that the auditors of the Company ("Auditors") shall review the Connected Transactions annually and provide the board of directors of the Company with a letter (the "Auditors' Letter") in respect of the Connected Transactions occurring during each of the relevant financial years. The Auditors' Letter is to be addressed to the board of directors of the Company and a copy of the Auditors' Letter is to be provided by the Company to the Stock Exchange.

The Auditor's Letter must state whether or not:

- the Connected Transaction has received the approval of the Company's board of directors;
- the Connected Transaction is in accordance with the pricing policies as stated in the Company's financial statements;
- the Connected Transaction has been entered into in accordance with the terms of the agreement governing the Connected Transactions; and
- the value of the Connected Transactions do not exceed the relevant annual cap stated in (2) above.

Where, for whatever reason, the Auditors decline to accept the engagement or are unable to provide the Auditors' Letter, the Company shall contact the Stock Exchange immediately; and

6. in the event of any future amendments to the Listing Rules imposing more stringent requirements than as at the date of the granting of the waiver on transactions of the kind to which the Connected Transactions belong, the Company must take immediate steps to ensure compliance with such requirements within a reasonable time.

GENERAL

The Group is principally engaged in the provision of a wide range of financial services including stockbroking, margin financing, corporate finance advisory, loan financing, futures broking and asset management.

DEFINITIONS

“Company”	Upbest Group Limited, a company incorporated in the Cayman Islands with limited liability, the securities of which are listed on the Stock Exchange.
“Connected Transactions”	the transactions contemplated under Investment Management Agreement dated 31 March 2003.
“Directors”	board of directors, including the independent non-executive directors of the Company.
“Group”	the Company and its subsidiaries.
“Investment Management Agreement”	the investment management agreement entered into between UAML and UBA on 31 March 2003.
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange.
“UAML”	Upbest Assets Management Limited, a wholly owned subsidiary of the Company.
“UBA”	UBA Investments Limited, a company incorporated in the Cayman Islands with limited liability, the securities of which are listed on the Stock Exchange.
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong.
“%”	per cent.

By order of the Board of
Upbest Group Limited
Li Kwok Cheung, George
Director

Hong Kong, 4 April, 2003

Please also refer to the published version of this announcement in China Daily.