



UPBEST GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 335)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of Upbest Group Limited (the "Company") will be held at 2nd Floor, Wah Kit Commercial Centre, 302 Des Voeux Road Central, Hong Kong on August 30, 2004 at 9:30 a.m. for the following purposes:

- (1) To receive and consider the financial statements and the reports of the directors and auditors for the year ended March 31, 2004;
- (2) To declare a final dividend;
- (3) To re-elect directors and to authorise the directors to fix their remuneration;
- (4) To re-appoint auditors for the ensuing year and to authorise the directors to fix their remuneration;
- (5) To consider as special business and, if thought fit, pass with or without amendments, the following resolutions as ordinary resolutions:

(A) **"THAT:**

- (a) subject to paragraph (c) of this resolution and without prejudice to resolution 5(B) set out in the notice of this meeting, the exercise by the Board during the Relevant Period (as defined in paragraph (d) of this resolution) of all powers of the Company to issue, allot and deal in the Shares and to issue, allot or grant securities convertible into Shares or options, warrants or similar rights to subscribe for any shares in the Company or such convertible securities and to make or grant offers, agreements and options which would or might require the exercise of such powers, subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this resolution shall authorise the Board during the Relevant Period to make or grant offers, agreements and options which would or might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Board pursuant to the approval in paragraph (a) of this resolution, otherwise than pursuant to:
 - (i) a Rights Issue (as defined in paragraph (d) of this resolution);
 - (ii) any scrip dividend scheme or similar arrangements implemented in accordance with the Articles of Association of the Company; or
 - (iii) an issue of Shares under the share option scheme of the Company or any similar arrangements for the time being adopted by the Company for the grant or issue to employees or directors of the Company and/or any of its subsidiaries of Shares or right to acquire Shares; or
 - (iv) the exercise of the rights of subscription or conversion under the terms of any securities or notes for the time being in force which are convertible into any shares in the Company;

shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution and the said approval shall be limited accordingly;

- (d) for the purposes of this resolution:

"Relevant Period" means the period from the passing of this resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or any applicable law of the Cayman Islands to be held; and
- (iii) the revocation or variation of this resolution by an ordinary resolution of the shareholders of the Company in general meeting; and

"Rights Issue" means an offer of shares open for a period fixed by the Board to holders of Shares on the register on a fixed record date in proportion to their then holdings of such Shares (subject to such exclusions or other arrangements as the Board may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory)."

(B) **"THAT:**

- (a) subject to paragraph (b) of this resolution, the exercise by the Board during the Relevant Period (as defined in resolution 5(A)(d) set out in the notice of this meeting) of all the powers of the Company to repurchase the Shares on the Stock Exchange or on any other exchange on which the Shares may be listed and which is recognised by the Securities and Futures Commission and the Stock Exchange (the "Recognised Stock Exchange") subject to and in accordance with all applicable laws, and in accordance with the provisions of, and in the manner specified in, the Rules Governing the Listing of Securities on the Stock Exchange or the rules of any other Recognised Stock Exchange, be and is hereby generally and unconditionally approved; and

- (b) the aggregate nominal amount of the Shares to be repurchased or agreed conditionally or unconditionally to be repurchased by the Company pursuant to the approval in paragraph (a) of this Resolution during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution and the said approval shall be limited accordingly.”
- (C) **“THAT** conditional upon the passing of resolutions 5(A) and 5(B) set out in the notice of this meeting, the aggregate nominal amount of Shares which shall have been repurchased by the Company pursuant to and in accordance with resolution 5(B) set out in the notice of this meeting shall be added to the aggregate nominal amount of Shares which may be allotted or agreed conditionally or unconditionally to be allotted by the Board pursuant to and in accordance with resolution 5(A) set out in the notice of this meeting, provided that such additional amount shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of the passing of this resolution.”
- (6) To consider as special business and, if thought fit, pass with or without amendments, the following resolutions as special resolution:
- “THAT** the articles of association of the Company be amended as follows:
- (A) By adding the following new definitions and references, within appropriate alphabetic order, to Articles 2:
- “associate” shall have the same meaning ascribed to it under the Listing Rules.
- “electronic” shall mean those applications, usage, utilization whatsoever of or relating to technology having electrical, digital, magnetic, wireless, optical electromagnetic or similar capabilities or characteristics.
- (B) By deleting the existing definitions in Articles 2 and replacing by the following new definitions:
- “Recognised Clearing House” shall mean a recognised clearing house as referred to in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) or a clearing house or authorised share depository recognised by the laws of the jurisdiction in which the shares of the Company are listed or quoted on a stock exchange in such jurisdiction.
- “subsidiary” and “holding company” in these Articles shall have the meaning attributed to such terms in the Company Ordinance (Chapter 32 of the Laws of Hong Kong) as in force from time to time, but interpreting the term “subsidiary” in accordance with the definition of “subsidiary” under Rule 1.01 of the Listing Rules.
- (C) By deleting the existing Article 80 in its entirety and replacing by the following new Article 80:
80. At any general meeting a resolution put to the vote at the meeting shall be determined in the first instance by a show of hands of the members present in person or by proxy or (in the case of a member being a corporation) by its duly authorised representative and entitled to vote unless a poll is required under the Listing Rules or (before or on the declaration of the result of the show of hands) is duly demanded:
- (a) by the Chairman; or
- (b) by at least five members present in person or by proxy or (in the case of a member being a corporation) by its duly authorised representative for the time being entitled to vote at the meeting; or
- (c) by any member or members present in person or by proxy or (in the case of a member being a corporation) by its duly authorised representative and representing not less than one-tenth of the total voting rights of all members having the right to vote at the meeting; or
- (d) by a member or members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.
- Unless a poll is duly required or demanded in accordance with the foregoing provisions, a declaration by the Chairman that a resolution has on a show of hands been carried or carried unanimously, or by any particular majority, or lost, and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour or against such resolution.
- (D) By deleting the existing Article 81 in its entirety and replacing by the following new Article 81:
81. If a poll is duly required or demanded in accordance with foregoing provisions, it shall (subject as provided in Article 82) be taken in such manner (including the use of ballot or voting papers or tickets) and at once of at such time and place, not being later than thirty days after the date of the meeting or adjourned meeting at which the poll was demanded, as the Chairman directs. No notice need be given of a poll not taken immediately. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn but only with the consent of the Chairman and a demand so withdrawn shall not be taken to have invalidated the result of a show of hands declared before the demand was made.
- (E) By deleting the existing Article 81(b) in its entirety and replacing by the following new Article 81(b):
- 81(b) The requirement or demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been required or demanded.
- (F) By inserting at the end of existing Article 81 the following new Article 81(c):
- “Where any member is under the Listing Rules, required to abstain from voting for or against any particular or restricted to voting for or against any particular resolution any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.”
- (G) By deleting the existing Article 82 in its entirety and replacing by the following new Article 82:
82. Any poll duly required or demanded on the election of a Chairman of a meeting or on any question of adjournment shall be taken at the meeting and without adjournment.
- (H) By deleting the existing Article 83 in its entirety and replacing by the following new Article 83:
83. In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is required or demanded, shall be entitled to a second or casting votes.

(I) By deleting the existing Article 107(c) in its entirety and replacing by the following new Article 107(c):

- 107(c) Save as otherwise provided by the Articles, a Director shall not be entitled to vote (nor be counted in the quorum) on any resolution of the Board in respect of any contract or arrangement or any other proposal in which he or any of his associate(s) has material interest but this prohibition shall not apply to any of the following matters, namely:
- (i) the giving of any security or indemnity either:-
 - (aa) to the Director or his associate(s) in respect of money lent or obligations incurred by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries; or
 - (bb) to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
 - (ii) any proposal concerning an offer of shares or debentures or other securities of or by the Company or for any company which the Company may promote or be interested in for subscription or purchase where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
 - (iii) any proposal concerning any other company in which the Director or his associate(s) is/are interested, directly or indirectly, whether as an officer or executive or shareholder, or in which the Director or his associate(s) is/are beneficially interested in the shares of that company, provided that he and any of his associates, are not in aggregate beneficially interested in 5% or more of the issued shares of any class of such company (or of any third company through which his interest or that of his associates is derived) or of the voting rights;
 - (iv) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company;
 - (v) any proposal or arrangement concerning the adoption, modification or operation of an employees' share scheme under which the Director or his associate(s) may benefit other than any proposal in relation to the grant of rights under the scheme to him/them or the modification of any rights previously granted to him/them other than in circumstances where such rights are proposed to be amended in similar manner to rights held by other employees and without any special privilege or advantage being accorded; or
 - (vi) any proposal of arrangement concerning the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to the Directors or his associates(s) and employees of the Company or any of its subsidiaries and does not provide in respect of any Director of the Company or any or its subsidiaries or his associate(s), as such any privileges or advantages not generally accorded to the class of persons to which such scheme or fund relates.

If any question shall arise at any meeting of the Board as to the materiality of the interest of a Director or his associates(s) (other than the Chairman of the meeting) or as to the entitlement of any Director (other than such chairman) to vote or be counted in the quorum and such question is not resolved by his voluntarily agreeing to abstain from voting or not to be counted in the quorum, such question shall be referred to the Chairman of the meeting and his ruling in relation to such other Director or his associate(s) shall be final and conclusive except in a case where the nature or extent of the interest of the Director or his associate(s) concerned as known to such Director has not been fairly disclosed to the Board. If any question as aforesaid shall arise in respect of the Chairman of the meeting, such question shall be decided by a resolution of the Board (for which purpose such Chairman shall not be counted in the quorum and shall not vote thereon) and such resolution shall be final and conclusive except in a case where the nature or extent of the interest of such Chairman or any of his associate(s) as known to such chairman has not been fairly disclosed to the Board.

(J) By deleting the existing Article 107(e) in its entirety and replacing by the following new Article 107(e):

- 107(e) If any question shall arise at any meeting of the Board as to the materiality of the interest of a Director or his associates(s) (other than the Chairman of the meeting) or as to the entitlement of any Director (other than such chairman) to vote or be counted in the quorum and such question is not resolved by his voluntarily agreeing to abstain from voting or not to be counted in the quorum, such question shall be referred to the Chairman of the meeting and his ruling in relation to such other Director or his associate(s) shall be final and conclusive except in a case where the nature or extent of the interest of the Director or his associate(s) concerned as known to such Director has not been fairly disclosed to the Board. If any question as aforesaid shall arise in respect of the Chairman of the meeting, such question shall be decided by a resolution of the Board (for which purpose such Chairman shall not be counted in the quorum and shall not vote thereon) and such resolution shall be final and conclusive except in a case where the nature or extent of the interest of such Chairman or any of his associate(s) as known to such chairman has not been fairly disclosed to the Board.

(K) By deleting the existing Article 120 in its entirety and replacing by the following new Article 120:

120. No person, other than a retiring Director, shall, unless recommended by the Directors for election, be eligible for election to the office of director at any general meeting, unless during the period commencing no earlier than the day after the dispatch of the notice of the meeting appointed for such election and ending no later than seven days prior to the date of such meeting, a notice in writing signed by a member (not being the person to be proposed) duly qualified to be present and vote at the meeting for which such notice is given of his intention to propose that person for election as a Director and notice in writing signed by that person to be proposed of his willingness to be elected shall have been delivered to the Company's principal place of business in Hong Kong not less than seven days before the date of the general meeting.

(L) By inserting at the end of existing Article 167 the following paragraph:

"Without limiting the generality of the foregoing but subject to the applicable laws and regulations and these Articles and any rules prescribed by the Designated Stock Exchange from time to time, a notice or document may be served or delivered by the Company to any shareholder by electronic means to such address as may from time to time be authorised by the shareholder concerned or by publishing it on a computer network and notifying the shareholder concerned, in such manner as he may from time to time authorise, that it has been so published."

(M) By inserting the following new Article 167A:

167A Any such notice or document may be served or delivered by the Company by reference to the register as it stands at any time not more than fifteen days before the date of service or delivery. No change in the register after that time shall invalidate that service or delivery. Where any notice or document is served or delivered to any person in respect of a share in accordance with these Articles, no person deriving any title or interest in that share shall be entitled to any further service or delivery of that notice or document.

(N) By inserting at the end of existing Article 167B(1) and (2):

167B(1) Any notice or document required to be sent to or served upon the Company, or upon any officer of the Company, may be sent or served by leaving the same or sending it through the post in a prepaid envelop or wrapper addressed to the Company or to such officer at the Company's head office or registered office.

167B(2) The Directors may from time to time specify the form and manner in which a notice may be given to the Company by electronic means, including one or more addresses for the receipt of an electronic communication, and may prescribe such procedures as they deem fit for verifying the authenticity or integrity of any such electronic communication. Any notice may be given to the Company by electronic means only if it is given in accordance with the requirements specified by the Directors.

(O) By deleting the existing Article 169 in its entirety and replacing by the following new Article 169:

169. Any notice or other document, if sent by mail, postage prepaid, shall be deemed to have been served or delivered on the day following that on which the letter, envelope, or wrapper containing the same is put into the post. In proving such service it shall be sufficient to prove that the letter, envelope or wrapper containing the notice or document was properly addressed and put into the post as prepaid mail. Any notice or document not sent by post but deposited by the Company at a registered address shall be deemed to have been served or delivered on the day that it was so deposited. Any notice or document, if sent by electronic means (including through any relevant system), shall be deemed to have been given on the day following that on which the electronic communication was sent by or on behalf of the Company. Any notice or document served or delivered by the Company by any other means authorised in writing by the shareholder concerned shall be deemed to have been served when the Company has carried out the action it has been authorised to take for that purpose. Any notice or other document published by way of advertisement or on a computer network shall be deemed to have been served or delivered on the day it was so published.

Subject to any special provisions contained in these Articles or in any other laws, all notices required to be given by advertisement shall be advertised in at least one daily Chinese language and one daily English language newspaper circulating in Hong Kong or by electronic communication in the manner in which notices may be served by the Company by electronic means as herein provided.

Except where otherwise expressly stated, any notice to be given to or by any person pursuant to these Articles shall be in writing or, to the extent permitted by any applicable rules prescribed by the Designated Stock Exchange from time to time and subject to this Articles, contained in an electronic communication. A notice calling a meeting of the Directors need not be in writing.

By Order of the Board
Li Kwok Cheung, George
Executive Director and Company Secretary

Hong Kong, July 26, 2004

Notes:

1. Any member entitled to attend and vote may appoint one or more proxies to attend the meeting instead of him and to vote on a poll. A proxy need not be a member of the Company.
2. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of authority shall be deposited at the principal place of business of the Company at 2nd Floor, Wah Kit Commercial Centre, 302 Des Voeux Road Central, Hong Kong not less than 48 hours before the time for holding the meeting (or adjourned meeting, as the case may be).
3. The register of members of the Company will be closed from August 16, 2004 to August 30, 2004, both days inclusive, for the purpose of establishing entitlements of the shareholders of the Company to attend the Company's annual general meeting. During such period, no transfer of Shares will be registered. In order to qualify for the proposed final dividend and voting, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Standard Registrars Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong for registration no later than 4:00 p.m. on August 13, 2004, Friday.

As at the date of this announcement, the Board consists of Mr. Tsang Cheuk Lau, Mr. Wong Ching Hung, Thomas, Mr. Cheng Kai Ming, Charles, Mr. Li Kwok Cheung, George and Mr. Choy Ye King as executive directors; and Mr. Wong Wai Kwong, David and Mr. Pang Cheung Hing, Alex as independent non-executive directors.

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