
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Upbest Group Limited, you should at once hand this circular and the enclosed form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



UPBEST GROUP LIMITED

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

DISCLOSEABLE AND CONNECTED TRANSACTION AND DISCLOSEABLE TRANSACTION

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**



道亨證券有限公司
DaoHengSecurities Ltd.

A letter from the Board is set out on pages 4 to 10 of this circular. A letter from the Independent Board Committee containing its recommendations in respect of the connected transactions is set out on pages 11 to 12 of this circular. A letter from Dao Heng Securities Limited, the independent financial adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 13 to 17 of this circular. A valuation report prepared by LCH (Asia-Pacific) Surveyors Limited, the independent valuer, is set out on pages 18 to 22 of this circular.

A notice convening an extraordinary general meeting of the Company to be held at 2nd Floor, Wah Kit Commercial Centre, 302 Des Voeux Road Central, Hong Kong at 10:30 a.m. on 16 February 2005 is set out on page 27 of this circular. A form of proxy for use at the extraordinary general meeting is also enclosed. Whether or not you are able to attend and vote at the extraordinary general meeting, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the registered office of the Company at 2nd Floor, Wah Kit Commercial Centre, 302 Des Voeux Road Central, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the extraordinary general meeting or any adjourned meeting (as the case may be). Completion and return of the accompanying proxy form will not preclude you from subsequently attending and voting at the extraordinary general meeting or any adjourned meetings should you so wish.

27 January 2005

CONTENTS

	<i>Page</i>
Definitions	1 to 3
Letter from the board	
(1) Introduction	4 to 5
(2) The First Acquisition	5 to 7
(3) The Second Acquisition	7 to 8
(4) Reasons For And Benefits Of The Acquisitions	8
(5) Information About The Company	8
(6) Extraordinary general meeting	9
(7) Recommendation	9 to 10
(8) Additional Information	10
Letter from the Independent Board Committee	11 to 12
Letter from Dao Heng Securities Limited	13 to 17
Valuation Report by LCH (Asia-Pacific) Surveyors Limited	18 to 22
Appendix – General Information	23 to 26
Notice of extraordinary general meeting	27

DEFINITIONS

In this circular, except where the context otherwise requires, the following terms shall have the following meanings:

“Acquisitions”	two transactions consist of the First Acquisition and the Second Acquisition
“Agreement A”	agreement dated 3 January 2005 between Upbest Land Company Limited and Upbest Macau Land Company Limited, both are wholly owned subsidiaries of the Company, in relation to the acquisition of the entire share capital of San San from Ms. Chim, Mr. Chan and Mr. Song
“Agreement B”	Agreement dated 3 January 2005 between Mei Tou Real Estate Company Limited, a wholly owned subsidiary of the Company, and Mr. Lam in relation to the acquisition of the property located in Nossa Senhora Do Carmo, Taipa of Macau
“Associate”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of directors of the Company
“CCAA”	CCAA Group Limited, a company incorporated in the British Virgin Islands with limited liability, which as at the Latest Practicable Date holds approximately 65.29% equity interest of the Company
“Company”	Upbest Group Limited (stock code: 335), a company incorporated in Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange
“EGM”	an extraordinary general meeting of Shareholders to be convened to consider and, if thought fit, approve, among other things, the ordinary resolution(s) to approve First Acquisition
“First Acquisition”	the acquisition of the entire share capital of San San
“Group”	the Company and its subsidiaries
“HK\$”	legal currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent board committee, comprising Mr. Wong Wai Kwong, David, Mr. Pang Cheung Hing, Alex and Mr. Fuk Ho Kai, all independent non-executive directors, formed to advise the Independent Shareholders on the Transaction

DEFINITIONS

“Independent Shareholders”	Shareholders other than CCAA and its associates (has the meaning ascribed thereto under the Listing Rules)
“Latest Practicable Date”	26 January 2005, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOP”	legal currency of Macau
“Macau”	the Macau Special Administrative Region of the RPC
“Mr. Chan”	Mr. Chan Kun Van
“Mr. Lam”	Mr. Lam Iam Weng
“Mr. Song”	Mr. Song Jeong Kong
“Ms. Chim”	Ms. Chim Mei Hing
“Property A”	property located in Avenida Do Almirante Lacerda, Macau
“Property B”	property located in Nossa Senhora Do Carmo, Taipa of Macau
“Purchaser A”	Upbest Land Company Limited and Upbest Macau Land Company Limited
“Purchaser B”	Mei Tou Real Estate Company Limited
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Law of Hong Kong)
“San San”	Companhia De Fomento Predial E Investimento San San, Limitada, a company incorporated in Macau on 20th July 1985 with limited liability
“Second Acquisition”	the acquisition of the property located in Nossa Senhora Do Carmo, Taipa of Macau
“Share(s)”	share(s) of HK\$0.01 each of and in the share capital of the Company
“Shareholders”	shareholders of the Company

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“sq.m.”	square meter
“Valuer” or “LCH”	LCH (Asia-Pacific) Surveyors Limited
“Vendor A”	Ms. Chim, Mr. Song and Mr. Chan
“Vendor B”	Mr. Lam

LETTER FROM THE BOARD



UPBEST GROUP LIMITED

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

Non-Executive Director and Chairman

Dr. Wong King Keung, Peter

Executive Directors:

Mr. Wong Ching Hung, Thomas

Mr. Cheng Kai Ming, Charles

Mr. Li Kwok Cheung, George

Independent Non-Executive Directors:

Mr. Wong Wai Kwong, David

Mr. Pang Cheung Hing, Alex

Mr. Fuk Ho Kai

Registered office:

Ugland House
South Church Street
P.O. Box 309
Grand Cayman
Cayman Islands
British West Indies

Principal place of business:

2nd Floor
Wah Kit Commercial Centre
302 Des Voeux Road Central
Hong Kong

27 January 2005

To the Shareholders

Dear Sir or Madam,

DICLOSEABLE AND CONNECTED TRANSACTIONS

(1) INTRODUCTION

On 7 January 2005, the Board announced that on 3 January 2005, the Group had entered into Agreement A with Ms. Chim, Mr. Song and Mr. Chan and Agreement B with Mr. Lam Iam Weng respectively. These two agreements are in relation to the acquisition of two properties located in Macau for a consideration of HK\$28.5 million and HK\$27 million respectively and are both payable in cash.

Ms. Chim Mei Hing, one of the beneficiaries of a trust which assets include interests in the entire issued Share capital of CCAA, which holds 75% equity interest of the Company, has 50% equity interest in Companhia De Fomento Predial E Investimento San San, Limitada. Ms. Chim is also spouse of Mr. Cheng Kai Ming, Charles, an executive director of the Company. The First Acquisition constitutes a connected and discloseable transaction for the Company under Chapter 14A and Chapter 14 of the Listing Rules. This discloseable and connected transaction is subject to Independent Shareholders' approval at EGM.

LETTER FROM THE BOARD

Mr. Lam Iam Weng is an independent third party not connected with the directors, chief executive or substantial shareholders of the Company or its subsidiaries or an associate (as defined in the Listing Rules) of any of them. The Second Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. The Company is required to send to you this circular pursuant to the Listing Rules in relation to the Second Acquisition.

The purpose of this circular is to give you further information relating to the First Acquisition and the Second Acquisition. In relation to the First Acquisition (i) to set out the recommendation of the Independent Board Committee in relation to the First Acquisition; (ii) to set out the letter of advice from Dao Heng Securities Limited in relation to the First Acquisition; (iii) to set out the valuation report prepared by LCH; and (iv) to seek your approval at the EGM of the ordinary resolution in relation to the First Acquisition.

(2) THE FIRST ACQUISITION

Agreement A

Date:

3 January 2005

Parties:

Ms. Chim, Mr. Song and Mr. Chan together as the vendors

Upbest Land Company Limited and Upbest Macau Land Company Limited, both wholly owned subsidiaries of the Company, as the purchasers to acquire 20% and 80% of San San respectively.

Subject matter of the sale and purchase:

San San is a company incorporated in Macau with limited liability. The principal activity of San San is investment holding. San San's total existing share capital is MOP 500,000. As at the date of the Agreement A, San San was owned as to 50%, 28% and 22% by Ms. Chim, Mr. Song and Mr. Chan respectively. Upon completion of the First Acquisition, San San's sole asset will be the legal ownership of the land use right of the property located at Avenida Do Almirante Lacerda, Macau. San San will dispose all its other existing assets before completion.

Information relating to Property A

Property A is located at Parcela "C" separated from Predio 10755 and also referred to as Descrição nº22500 (AR) situated at Avenida do Almiranta Lacerda Sto. António, Macau. The property comprises a roughly square share site with a site area of approximately 499 sq. m. The property is currently vacant. The Company intends to develop a residential/commercial building on the site with a marketable floor area of approximately 7,788 sq. m.

LETTER FROM THE BOARD

Consideration:

The consideration payable by Purchaser A to Vendor A, on prorata according to their shareholding, under Agreement A is HK\$28,500,000. The consideration payable by Purchaser A was determined and agreed between Purchaser A and Vendor A on normal commercial terms after arm's length negotiations and represents a discount of approximately 35% to the estimated market value of Property A of HK\$44 million which appraised by the Valuer, an independent professional valuer retained for preparing the valuation, as at 3 January 2005. The original acquisition cost of San San for Vendor A is HK\$18.5 million.

The Board considers that the terms of Agreement A are fair and reasonable to the Shareholders of the Company as a whole, are on normal commercial terms and are beneficial to and in the best interests of the Group and the Shareholders.

Payment terms:

The consideration will be payable in cash to Vendor A in the following manner:

- (1) HK\$5 million upon signing of Agreement A;
- (2) HK\$15 million within 45 days from the date of Agreement A; and
- (3) The balance of HK\$8.5 million within 90 days from the date of Agreement A.

The total consideration will be sourced from internal generated funding.

Condition:

Completion of the transaction will be conditional upon:

- (a) the approval at the EGM by the Independent Shareholders of the transaction in accordance with the requirements of the Listing Rules; and
- (b) (if necessary) the approval of the transaction by any other applicable regulatory, governmental or quasi-governmental body, whether in Hong Kong, Macau or the Cayman Islands. As advice by the Company's legal adviser, no approval regarding the First Acquisition need to be obtained.

Connection between the parties in the transaction

Ms. Chim, who has 50% equity interest in San San, is also one of the beneficiaries of a trust which assets include interests in the entire issued Share capital of CCAA. As at the Latest Practicable Date, CCAA holds 731,246,000 Shares of the Company, representing approximately 65.29% of the Company total issued Share capital of 1,120,000,000 Shares. However, after completion of the placing and the top-up subscription of 108,754,000 Shares, CCAA will hold 840,000,000 Shares of the Company (representing 68.36% of the Company issued Share capital of 1,228,754,000 Shares). Ms. Chim is also the spouse of Mr. Cheng Kai Ming, Charles, an executive director of the Company. Ms. Chim is a connected person to the Company for the purposes of the Listing Rules.

LETTER FROM THE BOARD

Therefore, any transactions between the Company and Ms. Chim constitute connected transactions under Chapter 14A of the Listing Rules. The transaction contemplated under Agreement A constitute connected transaction under Chapter 14A and discloseable transaction under Chapter 14 of the Listing Rules. Such discloseable and connected transactions are subject to Independent Shareholders' approval at EGM.

(3) THE SECOND ACQUISITION

Agreement B

Date:

3 January 2005

Parties:

Mr. Lam Iam Weng as the vendor

Mr. Lam Iam Weng is an independent third party not connected with the directors, chief executive or substantial Shareholders of the Company or its subsidiaries or an associate (as defined in the Listing Rules) of any of them.

Mei Tou Real Estate Company Limited, a wholly owned subsidiary of the Company, incorporated in Macau on 18 December 2004 with limited liability, as the purchaser.

Subject matter of the sale and purchase:

A property located at Nossa Senhora Do Carmo, Taipa, Macau which Mr. Lam is the legal owner of the property.

Information relating to the Property B

Property B is located at Lot TN26b, Estrada Coronel Nicolau de Mesquita, Taipa, Macau. Its site area is approximately 669 sq. m. and a two-storey restaurant is erected thereon with a total gross floor area of approximately 1,068 sq. m. The Company intends to re-develop the site into a residential / commercial building with a total marketable floor area of approximately 10,498 sq. m.

Consideration:

The consideration payable by Purchaser B under Agreement B is HK\$27 million. The consideration payable by Purchaser B was determined and agreed between Purchaser B and Vendor B on normal commercial terms after arm's length negotiations and represents a discount of approximately 53% to the estimated market value of HK\$57 million which appraised by the Valuer, an independent professional valuer retained for preparing the valuation, as at 3 January 2005.

LETTER FROM THE BOARD

The Board considers that the terms of Agreement B are fair and reasonable to the Shareholders of the Company as a whole, are on normal commercial terms and are beneficial to and in the best interests of the Group and Shareholders.

Payment terms:

The consideration will be payable in cash to Vendor B in the following manner:

- (1) HK\$5 million upon signing of Agreement B;
- (2) HK\$15 million within 30 days from the date of Agreement B; and
- (3) The balance of HK\$7 million within 90 days from the date of Agreement B.

The total consideration will be satisfied by cash payment and such source of cash funding will come from internal generated funding.

Condition:

Completion of the transaction will be conditional upon:

- (a) (if necessary) the approval of the transaction by any applicable regulatory, governmental or quasi-governmental body, whether in Hong Kong, Macau or the Cayman Islands. As advice by the Company's legal adviser, no approval regarding the Second Acquisition need to be obtained.

Implication under the Listing Rules:

The Second Acquisition constitutes a disclosable transaction for the Company under Chapter 14 of the Listing Rules. This document constitutes the circular which the Company is required to send to you pursuant to the Listing Rules in relation to the Second Acquisition.

(4) REASONS FOR AND BENEFITS OF THE ACQUISITIONS

The Group intends to develop the Property A and Property B into residential/commercial building for marketable purpose. The Board believes that the First and the Second Acquisitions present an excellent opportunity for the Group to diversify its existing business into property investment and development in Macau. The Group expects high growth in the future development of the Macau property market.

The Board considers that the First and the Second Acquisitions are on normal commercial terms and that such terms are fair and reasonable to the Company and Shareholders as a whole. The views and recommendations of the Independent Board Committee in respect of the First Acquisition will be set out in this circular as required by the Listing Rules.

(5) INFORMATION ABOUT THE COMPANY

The principal activity of the Company is investment holding. Its subsidiaries are principally engaged in securities brokerage, futures broking, securities margin financing, money lending, corporate finance advisory and asset management.

LETTER FROM THE BOARD

(6) EXTRAORDINARY GENERAL MEETING

The Board have resolved to convene the EGM to consider and, if thought fit by the Independent Shareholders, to approve the First Acquisition. Notice of the EGM is set out on page 27 of this circular. Whether or not you are able to attend and vote at the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the registered office of the Company at 2/F, Wah Kit Commercial Centre, 302 Des Voeux Road Central, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjourned meeting (as the case may be). Completion and return of the accompanying proxy form will not preclude you from subsequently attending and voting at the EGM or any adjourned meetings should you so wish.

(7) RECOMMENDATION

An Independent Board Committee comprising independent non-executive directors of the Company has been appointed to advise the Independent Shareholders in respect of the First Acquisition. Dao Heng Securities Limited has been appointed as independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the First Acquisition. In addition, LCH has been appointed to prepare a valuation report on the value of Property A for the Independent Board Committee's consideration.

After taking into account the reasons for and benefits of the First Acquisition, the relevant terms of the Agreement A, the opinion of Dao Heng Securities Limited and the valuation report prepared by LCH, the Independent Board Committee considers that the First Acquisition are fair and reasonable as far as the Independent Shareholders are concerned and they are in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the First Acquisition.

All connected persons or Shareholders with a material interest in the transaction and its Associates shall abstain from voting in approving the First Acquisition.

As at the Latest Practicable Date, CCAA holds 731,246,000 Shares of the Company (representing approximately 65.29% of the Company total issued Share capital of 1,120,000,000 Shares) and their respective Associates will be abstained from voting at the EGM to approve the First Acquisition in accordance with Listing Rule 14A.54.

According to the announcement of the Company dated 18 January 2005, CCAA had entered into a placing agreement and a top-up subscription agreement with Upbest Securities Company Limited, a wholly owned subsidiary of the Company and Sun Hung Kai International Limited ("Joint Placing Agents") and the Company respectively. CCAA had agreed to place through the Joint Placing Agents an aggregate of 108,754,000 existing Shares and conditionally agreed to subscribe for an aggregate of 108,754,000 new shares at a price of HK\$1.42 per share.

It is expected that as at the date of the EGM, the top-up subscription will have been completed and CCAA will hold 840,000,000 Shares (representing approximately 68.36% of the Company total issued Share capital after completion of the placing and the top-up subscription of 1,228,754,000 Shares).

LETTER FROM THE BOARD

The resolution to be proposed at the EGM will be decided by way of poll.

The Company will publish an announcement on the results of the EGM on the business day following the EGM with respect to whether or not the resolution set out in this circular has been passed by the Independent Shareholders.

(8) ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee, the letter of advice from Dao Heng Securities Limited and the valuation report prepared by LCH, and information set out in the appendix to this circular.

Yours faithfully,
By Order of the Board
Upbest Group Limited
LI Kwok Cheung, George
Executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



UPBEST GROUP LIMITED

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

Independent Non-Executive Directors:

Mr. Wong Wai Kwong, David
Mr. Pang Cheung Hing, Alex
Mr. Fuk Ho Kai

Registered office:

Ugland House
South Church Street
P.O. Box 309
Grand Cayman
Cayman Islands
British West Indies

Principal place of business:

2nd Floor
Wah Kit Commercial Centre
302 Des Voeux Road Central
Hong Kong

27 January 2005

To the Independent Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTIONS

We refer to this circular dated 27 January 2005 issued by the Company to its Shareholders, of which this letter forms part. Unless the context otherwise requires, terms defined in this circular shall have the same meanings when used in this letter.

As the Independent Board Committee, we have been appointed to advise the Independent Shareholders as to whether, in our opinion, the entering into the First Acquisition involving the acquisition of the entire share capital of Companhia De Fomento Predial E Investimento San San, Limitada contemplated under Agreement A is in the interests of the Company and the Shareholders as a whole and the terms of which are fair and reasonable so far as the Independent Shareholders are concerned.

Dao Heng Securities Limited has been appointed as independent financial adviser to advise us in relation to the First Acquisition. LCH (Asia-Pacific) Surveyors has also been appointed as independent valuer to prepare a valuation report on the value of the land use right of Property A.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We wish to draw your attention to (i) the letters of advice from Dao Heng Securities Limited as set out on pages 13 to 17 of this circular; (ii) the valuation report prepared by LCH (Asia-Pacific) Surveyors as set out on pages 18 to 22 of this circular; and (iii) the letter from the Board on pages 4 to 10 of this circular, which set out information relating to, and the reasons for and benefits of the relevant acquisitions.

As the Company's independent directors, we have discussed with the management of the Company the reasons for and benefits of the relevant acquisitions and the basis upon which their terms have been determined. We have considered the valuation report prepared by LCH (Asia-Pacific) Surveyors as set out on pages 18 to 22 of this circular. We have also considered the factors and reasons considered by, and the opinions and recommendations of, Dao Heng Securities Limited as set out on pages 13 to 17 of this circular. We concur with the view of Dao Heng Securities Limited that the entering into the First Acquisition contemplated under the Agreement A is in the interests of the Company and the Shareholders as a whole and the terms of which are fair and reasonable as far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favor of the ordinary resolutions approving the First Acquisition contemplated under Agreement A to be proposed at the EGM.

Yours faithfully,

The Independent Board Committee of Upbest Group Limited

Wong Wai Kwong, David

Pang Cheung Hing, Alex

Fuk Ho Kai

LETTER FROM DAO HENG SECURITIES

Set out below is the text of the letter of advice from Dao Heng Securities Limited to the Independent Board Committee and the Independent Shareholders in connection with the Agreements prepared for inclusion in this circular.



27 January 2005

The Independent Board Committee and the Independent Shareholders
Upbest Group Limited
2/F, Wah Kit Commercial Centre
302 Des Voeux Road Central
Hong Kong

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTIONS

We refer to our engagement to advise the Independent Board Committee and the Independent Shareholders in relation to the First Acquisition involving the acquisition of the entire share capital of Companhia De Fomento Predial E Investimento San San, Limitada contemplated under Agreement A, details of which are set out in the letter from the Board in a circular dated 27 January 2005 to the Shareholders (the “Circular”), of which this letter forms a part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

The transaction contemplated under Agreement A constitutes a connected transaction of the Company under the Listing Rules. On 7 January 2005, the Company announced that Upbest Land Company Limited and Upbest Macau Land Company Limited, both wholly owned subsidiaries of the Company, have entered into Agreement A with Ms. Chim, Mr. Chan and Mr. Song (“Vendor A”) dated 3 January 2005 to acquire from Vendor A the entire share capital of San San, which, upon the completion of the First Acquisition, San San’s sole asset will be the legal ownership of the land use right of Property A. The consideration for the First Acquisition is HK\$28,500,000 which will be satisfied by the Group in cash.

Ms. Chim, one of the beneficiaries of a trust whose assets include interests in the entire issued share capital of CCAA, which as at the Latest Practicable Date, holds approximately 65.29% equity interest in the Company, has 50% equity interest in San San. Ms. Chim is therefore a connected person of the Company. As such, the First Acquisition constitutes a connected transaction of the Company under the Listing Rules. As the consideration payable by the company for the First Acquisition exceeds 5% but is less than 25% of the relevant threshold tests under Rule 14.06 of the Listing Rules, the First Acquisition also constitutes a discloseable transaction for the Company under the Listing Rules. Agreement A is subject to the approval of the Independent Shareholders at the EGM.

Our role as the independent financial adviser to the Independent Board Committee and the Independent Shareholders is to give our opinion as to whether Agreement A and the transaction contemplated under it are in the interests of the Company and the Shareholders as a whole; the First

LETTER FROM DAO HENG SECURITIES

Acquisition is carried out on normal commercial terms and in the ordinary and usual course of business; the terms of which are fair and reasonable so far as the Company and the Independent Shareholders are concerned; and to advise the Independent Shareholders whether to vote for Agreement A at the EGM.

In formulating our recommendations, we have relied on the accuracy of the information and representations contained in the Circular and as provided to us by the Directors. We have assumed that all information and representations made or referred to in the Circular and all information and representations which have been provided by the Directors, are true and accurate in all material respects and that all expectations and intentions of the Company or the Directors will be met or carried out as the case may be. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and referred to in the Circular, and we have been advised by the Directors that no material facts have been omitted from the information provided to us and referred to in the Circular. We consider that we have reviewed sufficient information to reach an informed view. We have not, however, conducted any form of independent investigation into the businesses and affairs or the financial position or the future prospects of the Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion on the First Acquisition, we have considered the following principal factors and reasons:

Reasons for the acquisition

(a) The development of Property A

As stated in the property valuation report as at 3 January 2005 prepared by LCH (Asia-Pacific) Surveyors Limited, an independent valuer (the “Valuer”), Property A comprises a roughly square-shaped site that is a parcel of currently vacant land known as Parcela “C” separated from Predio 10755 and also referred to as Descrição nº22500(AR) situated at Avenida do Almirante Lacerda Sto. António Macau. The site area is approximately 5,371 square feet (499 sq.m). Property is restricted to the use of residential, commercial / services and carparking purposes under a Planta de Alinhamento Official (街道准線圖) dated 20 September 2003 and the allowed maximum building height and allowed maximum plot ratio are 60 meters and 13 respectively.

It is the intention of the Directors to develop a 20-storey residential/commercial/carpark building on Property A, where the building will have a total marketable floor area of approximately 83,333 square feet (7,788 sq.m). According to a preliminary development proposal prepared by the management of the Company and the advice given by an architect, who has experience in a number of development projects in Hong Kong, we understand that upon the completion of the proposed development of the 20-storey building, the ground floor will be used for commercial purposes while the first to third floors are designated for carparking purposes with a total of 30 carparking spaces, and the remaining upper floors will be used for residential purposes of four units per floor.

LETTER FROM DAO HENG SECURITIES

(b) The economy and the property market of Macau

According to the Statistics and Census Service of Government of Macau Special Administration Region, the gross domestic product (“GDP”) of Macau recorded a significant year-on-year real growth of approximately 15.6% in 2003 and approximately 25.6%, 47.5% and 21.7% during the first, second and third quarter of 2004 respectively.

Tourism is one of the main industries that supports Macau’s economy and since 1999, Macau’s tourism industry has been expanding rapidly. The number of visitors rose significantly during the period from 2001 to 2004 except for the outbreak of severe acute respiratory syndrome in Asia in the first quarter of 2003. Total number of visitor arrivals in the first three quarters of 2004 rose approximately 37.1% as compared with the corresponding period in 2003. The increase is considered due to the influx of visitors from the PRC after the PRC government has eased travel restrictions. It is believed that the tourism industry in Macau will continue to grow in the coming years, which will in turn further boost the economy of Macau.

As for the property market of Macau, it has rebounded from the bottom in 2002, where according to the Statistics and Census Service of Government of Macau Special Administration Region, the growth rate of both the number of building units transacted and the value of building units transacted for the nine months ended 30 September 2004 as compared with the corresponding period in 2003 are in the order of double digits. The number of building units transacted for the three quarters of 2004 amounted to 20,557, substantiating a growth of approximately 56.9% as compared with the corresponding period in 2003. As for the value of building units transacted, the growth rate is approximately 80.4% for the three quarters of 2004 as compared with the corresponding period in 2003. We believe that the demand for buildings in Macau will continue to increase, which indicates that a growing market is available for the Company to develop on Property A.

Consideration

The consideration of the First Acquisition is HK\$28,500,000, payable in cash to Vendor A, which will be satisfied from internally generated funding and will be paid in the manner of: (i) HK\$5 million upon the signing of Agreement A; (ii) HK\$15 million within 45 days from the date of Agreement A; and (iii) the balance of HK\$8.5 million within 90 days from the date of Agreement A.

The Directors confirmed that the consideration for the First Acquisition was arrived at after arm’s length negotiations between Upbest Land Company Limited, Upbest Macau Land Company Limited and Vendor A and was on normal commercial terms.

We have reviewed the property valuation report as at 3 January 2005 prepared by the Valuer. We understand that the Valuer has inspected Property A and has conducted a title search of Property A at Conservatoria do Registo Predial (物業登記局) and obtained an Informação Escrita (書面報告) with regard to the information of Property A. Property A has been valued on market basis assuming sale with vacant possession by using the sales comparison approach.

LETTER FROM DAO HENG SECURITIES

Property A has been valued at HK\$44 million as at 3 January 2005 by the Valuer. The consideration of HK\$28,500,000 represents a discount of approximately 35% to the value appraised by the Valuer. Based on our review of the valuation report, we consider that the sales comparison approach adopted by the Valuer in valuing Property A, which considers the sales, listing or offerings of similar or substitute properties and related market data to establish a value estimate by processes involving comparison, is appropriate.

The valuation report is prepared by the Valuer on the basis of market value and on the assumption that the property is with the benefit of a developable plot ratio of 13 and the subject land grant will be renewed in accordance with the laws of Macau and will be subject to payment of applicable ground rent, and the premium (if any) will not have a significant impact on the value of the property as at 3 January 2005. The Valuer has also assumed that the property is free to dispose and transfer in the open market to both local and overseas purchasers without payment of addition premium to the government, and that there is no deferred terms contract, leaseback, joint venture, management agreement or any other similar arrangement which would serve to increase the value of the property.

Financial effects of the acquisition

(a) Net asset value

Upon completion of the First Acquisition, the assets of San San will comprise only Property A which will be consolidated into the accounts of the Group for the year ending 31 March 2005. The Group had a net asset value of approximately HK\$178,173,000 as at 30 September 2004 and the net asset value per Share as at 30 September 2004 was HK\$0.159. As confirmed by the Directors of the Company, who had discussed the issue with the Company's auditors, Chu and Chu Certified Public Accountants, it is confirmed that according to Hong Kong Financial Reporting Standards ("HKFRS"), the appraised value of HK\$44 million of Property A will be used as the fair value of the identifiable assets of San San. As the fair value of Property A is HK\$44 million and the acquisition cost is HK\$28.5 million, the excess of HK\$15.5 million will be recognized as profit in the profit and loss account, which will increase the consolidated net asset value of the Group upon completion of the First Acquisition. Accordingly, upon the completion of the First Acquisition, the net asset value per Share will increase to approximately HK\$0.173 based on the number of Shares of 1,120 millions shares issued as at 30 September 2004.

(b) Gearing and earnings

The First Acquisition will be financed by internally generated funding where the bank borrowings of the Company will increase from HK\$164,472,000 as at 30 September 2004 to HK\$192,972,000 upon the completion of the First Acquisition. The gearing ratio of the Group will therefore also increase, from 31.0% as at 30 September 2004 to 33.5% upon the completion of the First Acquisition. We are of the opinion that the slight increase in the gearing ratio will not bring along materially adverse impact to the Group.

Due to the internally generated funding for the First Acquisition, which will increase the existing bank borrowing of the Company, there will be a need for interest payment from the Company. With the interest rate of the bank overdrafts of 1.5% per annum, the interest payment arising from the First Acquisition will be HK\$427,500 per annum.

LETTER FROM DAO HENG SECURITIES

RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that the entering into the Agreement A is in the interests of the Company and the Shareholders as a whole, the First Acquisition is carried out on normal commercial terms and in the ordinary and usual course of business, and the terms of which are fair and reasonable so far as the Company and the Independent Shareholders are concerned. Accordingly, we recommend the Independent Board Committee and the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM approving Agreement A.

Yours faithfully,

For and on behalf of

Dao Heng Securities Limited

Venus Choi

Executive Director

Frankie Yan

Director

VALUATION REPORT BY LCH (ASIA-PACIFIC) SURVEYORS LIMITED

The following is the text of a letter and a valuation certificate in relation to the valuation of the property as at 3 January 2005, prepared for the purpose of inclusion in this circular, received from LCH (Asia-Pacific) Surveyors Limited, an independent valuer.



利駿行測量師有限公司

LCH (Asia-Pacific) Surveyors Limited

CHARTERED SURVEYORS

PLANT AND MACHINERY VALUERS

BUSINESS & FINANCIAL SERVICES VALUERS

27th Floor
Li Dong Building
No. 9 Li Yuen Street East
Central
Hong Kong

27 January 2005

The Directors
Upbest Group Limited
2nd Floor
Wah Kit Commercial Centre
302 Des Voeux Road Central
Hong Kong

Dear Sirs,

In accordance with the recent instructions given by the management of Upbest Group Limited (the “Company”) to value a property located in Macau, we confirm that we have made relevant enquiries and obtained such further information as we consider necessary to support our opinion of value of the property as at 3 January 2005 (hereinafter referred as the “date of valuation”) for the Company’s internal management reference purpose.

We understand that the management of the Company will use our work product (i.e. this letter and the attached valuation certificate) as part of its business due diligence and we have not been engaged to make specific sale or purchase recommendations. We further understand that the use of our work product will not supplant other due diligence, which the management of the Company should conduct, in reaching its business decisions regarding the property valued. Our work is designed solely to provide an independent valuation that will allow the management of the Company to make an informed decision.

We further understand that the management of the Company may refer to the valuation provided in this work product and provide a copy of this work product, if required, to any regulatory body or to support any public announcement that may be made by the Company.

Our valuation of the property is on the basis of Market Value and on the assumption that the subject land grant will be renewed in accordance with the laws of Macau and will be subject to payment of applicable ground rent, and the premium (if any) will not have a significant impact on the value of the property as at the date of valuation. The term Market Value is defined as “the estimated amount for

VALUATION REPORT BY LCH (ASIA-PACIFIC) SURVEYORS LIMITED

which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

We have assumed that the property is free to dispose and transfer in the open market to both local and overseas purchasers without payment of addition premium to the government. Also, our valuation of the property has been made on the assumption that no deferred terms contract, leaseback, joint venture, management agreement or any other similar arrangement which would serve to increase the value of the property.

The property has been valued on market basis assuming sale with vacant possession by using the sales comparison approach. This approach considers the sales, listing or offerings of similar or substitute properties and related market data to establish a value estimate by processes involving comparison. The underlying assumption of this approach is that an investor will pay no more for a property than he or she would have to pay for a similar property of comparable utility.

We have relied solely on the information provided by the management of the Company and have fully accepted advice given to us on such matters as planning approvals or statutory notices, land use, easements, tenure, occupation, lettings, rentals, site and floor areas and all other relevant matters.

We have conducted a title search of the property at Conservatoria do Registo Predial物業登記局 and obtained an Informação Escrita (r)書面報告 with regard to the information of the property. However, we have not examined the original documents to verify the ownership and encumbrances or to ascertain the existence of any lease amendments, which may not appear on the copies handed to us. All documents disclosed (if any) are for reference only and no responsibility is assumed for any legal matters concerning the legal title and the rights (if any) to the property valued. Any responsibility for our misinterpretation of the documents cannot be accepted. We are not qualified to provide legal opinions, therefore, we are not in a position to advise and comment on the title and encumbrances to the property.

We have inspected the property in respect of which we have been provided with such information as we have required for the purpose of our valuation. We have not inspected those parts of the property which were covered, unexposed or inaccessible and such parts have been assumed to be in reasonable condition. We cannot express an opinion about or advise upon the condition of uninspected parts and the attached valuation certificate should not be taken as making any implied representation or statement about such parts. No structural survey, investigation or examination has been made, but in the course of our inspection we did not note any serious defects in the property valued. We are not, however, able to report that the property is free from rot, infestation, settlement or any other defects. No tests were carried out to any of the services.

We have not carried out on-site measurements to verify the correctness of the area of the property, but have assumed that the areas shown on the documents provided to us is correct. All dimensions, measurements and areas are approximations.

Our engagement did not include land surveys to verify the legal boundaries and the exact location of the property. We need to state that we are not in the land survey profession, therefore, we are not in the position to verify or ascertain the correctness of the representation of the Company's personnel with regard to the legal boundaries and location of the property. No responsibility is assumed.

VALUATION REPORT BY LCH (ASIA-PACIFIC) SURVEYORS LIMITED

We are not contracted to conduct a due diligence or feasibility study to review the proposed development or town planning policies in Macau. In the course of valuation, we have solely depended on the advice given by the management of the Company. We are unable to accept any responsibility for the reliability of the advice.

We are not aware of the content of any environmental audit or other environmental investigation or soil survey which may have been carried out on the property and which may draw attention to any contamination or the possibility of any such contamination. In undertaking our work, we have been instructed to assume that no contaminative or potentially contaminative uses have ever been carried out in the property. We have not carried out any investigation into past or present uses, either of the property or of any neighbouring land, to establish whether there is any contamination or potential for contamination to the property from these uses or sites, and have therefore assumed that none exists. However, should it be established subsequently that contamination, seepage or pollution exists at the property or on any neighbouring land, or that the premises have been or are being put to a contaminative use, this might reduce the value now reported.

No allowance has been made in our valuation for any charges, mortgage or amounts owing on the property. Unless otherwise stated, it is assumed that the property is free from encumbrances, land premium, restrictions, and outgoings of an onerous nature which could affect its value. Should this not be the case, it might reduce the value now reported.

We are unable to accept any responsibility for the information that has not been provided to us by the management of the Company. Also, we have sought and received confirmation from the management of the Company that no material factors have been omitted from the information provided. Our analysis and valuation are based upon full disclosure between us and the Company of material and latent facts that may affect the valuations.

No responsibility is taken for changes in market conditions and no obligation is assumed to revise the attached valuation certificate to reflect events or conditions which occur subsequent to the date hereof.

To the best of our knowledge, all data set forth in the attached valuation certificate are true and accurate. Although gathered from reliable sources, no warranty is made nor liability assumed for the accuracy of any data, opinions, or estimates identified as being furnished by others which have been used in formulating the attached valuation certificate.

We have had no reason to doubt the truth and accuracy of the information provided to us by the management of the Company. We consider that we have been provided with sufficient information to reach an informed view, and have had no reason to suspect that any material information has been withheld.

The attached valuation certificate is provided for the stated purpose and for the sole use of the named Company. We accept no responsibility whatsoever to any other person in the event the named Company discloses information contained within this work product.

VALUATION REPORT BY LCH (ASIA-PACIFIC) SURVEYORS LIMITED

The attached valuation certificate is prepared in line with the ethics and guidelines as contained in the 1st Edition of the HKIS Valuation Standards on Properties published by the Hong Kong Institute of Surveyors (HKIS) which superceded the previous guidance notes published by the HKIS with effect from 1 January 2005. The valuation has been undertaken by valuer, acting as external valuer, qualified for the purpose of the valuation.

Unless otherwise stated, all monetary amounts are in Hong Kong dollars, and the adopted exchange rate was the prevailing rate as at the date of valuation, being Patacas (MOP) 1.03 per HK\$1.

Our maximum liability relating to services rendered under this work product (regardless of form of action, whether in contract, negligence or otherwise) shall be limited to the charges paid to us for the portion of its services or work products giving rise to liability. In no event shall we be liable for consequential, special, incidental or punitive loss, damage or expense (including without limitation, lost profits, opportunity costs, etc.), even if it has been advised of their possible existence.

The Company is required to indemnify and hold us harmless and our personnel from any claims, liabilities, costs and expenses (including, without limitation, attorney's fees and the time of our personnel involved) brought against, paid or incurred by us at a time and in any way based on the information made available in connection with our work product except to the extent any such losses, expenses, damages or liabilities are ultimately determined to be the result of gross negligence of our engagement team in conducting its work. This provision shall survive even after the termination of this engagement for any reason.

We retain a copy of this work product in our files, together with the data from which it was prepared. We consider these records confidential, and we do not permit access to them by anyone without your authorisation and prior arrangement made with us. Moreover, we will add the Company's information into our client list for our future reference.

We hereby certify that the fee for this service is not contingent upon our conclusion of value and the valuer has neither present nor prospective interest in the property, the Company or the value reported.

The valuation certificate is attached.

Yours faithfully,
For and on behalf of
LCH (Asia-Pacific) Surveyors Limited
Joseph Ho Chin Choi
B.Sc. RPS(GP)
Managing Director

Mr. Joseph Ho Chin Choi has been conducting assets valuation (including real estate properties) and advisory work in Hong Kong, Macau, Taiwan, mainland China, South East Asia, Finland, Canada and the United States of America for various purposes since 1988. He has more than 15 years of experience in valuing real estate properties in Macau.

VALUATION REPORT BY LCH (ASIA-PACIFIC) SURVEYORS LIMITED

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value as at 3 January 2005 HK\$
<p>A parcel of vacant land known as Parcela “C” separated from Predio 10755 and also referred to as Descrição n°22500(AR) situated at Avenida do Almirante Lacerda Sto. António Macau</p>	<p>The property comprises a roughly square shape site having a site area of approximately 5,371 sq. ft. (499 sq. m.).</p> <p>According to a preliminary development proposal prepared by the management of the Company and the advice given by the professional advisers of the Company, we are given to understand that upon completion of the proposed development, the property will have a 20-storey residential/commercial/carpark building erect thereon and will have a total marketable floor area for the residential units of approximately 83,833 sq. ft. (7,788 sq. m.). (<i>see Note 3</i>)</p> <p>The property is subject to renewed Government concession for a term of 10 years from 1 January 2001 renewable for successive periods till 19 December 2049. (<i>see Note 4</i>)</p> <p>The present Government Rent payable per annum is MOP 3,992 for the property.</p>	<p>The property is currently vacant with some construction materials placed on the property.</p>	<p>HK\$44,000,000</p>

Notes:

1. The registered owner of the property is Companhia De Fomento Predial E Investimento San San, Limitada.
2. The property is restricted to residential, commercial/services and carpark purposes under a Planta de Alinhamento Official 街道準線圖 dated 20 September 2003. Subject to the said plan, the allowed maximum building height is 60 meters and the allowed maximum plot ratio is 13.
3. We are advised that upon completion of the proposed 20-storey building, the ground floor will be used for commercial purpose whilst the 1st to 3rd floors are designated for carparking purpose with a total nos. of 30 carparks, and the remaining upper floors will be used for residential purpose with 4 units per floor.
4. According to a legal opinion prepared by the Company’s Macau Legal Advisor, Fong Kin Ip Advogados, and dated 3 January 2005, the lease term of the property is as follows:
 - (i) the existing lease term of the property is subject to a renewed Government concession for a term of 10 years from 1 January 2001; and
 - (ii) according to the relevant land laws in force in Macau, the lease term of the property is renewable for successive periods till 19 December 2049.

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Board collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTEREST

As at the Latest Practicable Date, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange were as follows:

(a) **Interest of the directors of the Company in the shares and underlying shares of the Company**

Name of Director	Number of ordinary Shares held as corporate interest	%
Mr. Cheng Kai Ming, Charles (<i>Note</i>)	731,246,000	65.29

Note: Mr. Cheng Kai Ming, Charles is one of the beneficiaries of a trust which assets include interests in the entire issued Share capital of CCAA Group Limited ("CCAA"). CCAA holds 731,246,000 Shares of the Company representing 65.29% of the Company Share capital of 1,120,000,000 Shares.

According to the announcement of the Company dated 18 January 2005, CCAA had entered into a placing agreement and a top-up subscription agreement with Upbest Securities Company limited, a wholly owned subsidiary of the Company and Sun Hung Kai international Limited ("Joint Placing Agents") and the Company respectively. CCAA had agreed to place through the Joint Placing Agents an aggregate of 108,754,000 existing Shares and conditionally agreed to subscribe for an aggregate of 108,754,000 new shares at a price of HK\$1.42 per share.

It is expected that as at the date of the EGM, the top-up subscription will have been completed and CCAA will hold 840,000,000 Shares (representing approximately 68.36% of the Company total issued Share capital after completion of the placing and the top-up subscription of 1,228,754,000 Shares).

Save as disclosed above, as at the Latest Practicable Date, none of the directors or the chief executive of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV

of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which are required, pursuant to section 352 of the SFO to be entered in the register referred to therein, or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange.

(b) Substantial Shareholders

As at the Latest Practicable Date, save as disclosed above, so far as is known to the Board, no persons (not being a director or chief executive of the Company) had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. MATERIAL ADVERSE CHANGE

Save as disclosed in this circular and the annual report of the Company dated 19 July 2004, as at the Latest Practicable Date, the Board are not aware of any material adverse change in the financial or trading position of the Group since 31 March 2004, the date to which the latest audited financial statements of the Group were made up.

4. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was involved in any litigation or claims of material importance and there was no litigation or claims of material importance known to the Board to be pending or threatened against the Company or any of its subsidiaries.

5. CONSENTS OF EXPERTS

The following experts have given and have not withdrawn their written consents to the issue of this circular with the inclusion of their letters and references to their names in the form and context in which they representatively appear:

Names	Qualifications
Dao Heng Securities Limited	Independent financial adviser and a licensed corporation to carry out types 1, 4, 6, 7 and 9 regulated activities under the SFO
LCH (Asia-Pacific) Surveyors Limited	Chartered Surveyors

The above experts are not beneficially interested in the share capital of any member of the Group nor do they have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

6. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into, or proposed to enter into, a service contract with the Company or any member of the Group which does not expire or is not terminable by such member of the Group within one year without payment of compensation, other than statutory compensation.

As at the Latest Practicable Date, none of the Directors is materially interested in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the Group.

7. PROCEDURE FOR DEMANDING A POLL BY SHAREHOLDERS

Article 80 of the Company's articles of association sets out the procedure by which Shareholders may demand a poll:

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 of (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.

8. MISCELLANEOUS

- (a) The qualified accountant of the Company is Ms. Lam Shuk Ching, an associate member of the Hong Kong Institute of Public Accountants.
- (b) The secretary of the Company is Mr. Li Kwok Cheung, George, a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Public Accountants.
- (c) The share registrar of the Company in Hong Kong is Standard Registrars Limited, Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.
- (d) In the case of any discrepancy, the English text of this circular and form of proxy shall prevail over the Chinese text.

9. DOCUMENT FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Upbest Group Limited at 2/F., Wah Kit Commercial Centre, 302 Des Voeux Road Central, Hong Kong during normal business hours on any weekday (except public holidays) from the date of this circular up to and including the date of the EGM (and any adjournment thereof):

- (a) the Agreement A;
- (b) the Agreement B;
- (c) the letter of recommendation from the Independent Board Committee of the Company to the Independent Shareholders as set out in this circular;
- (d) the letter of advice from Dao Heng Securities Limited as set out in this circular;
- (e) valuation report prepared by LCH; and
- (f) the written consents from Dao Heng Securities Limited and LCH referred to in paragraph 5 of this appendix.

NOTICE OF EXTRAORDINARY GENERAL MEETING



UPBEST GROUP LIMITED

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

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Upbest Group Limited (the “Company”) will be held at 10:30 a.m. on 16 February 2005 at 2/F., Wah Kit Commercial Centre, 302 Des Voeux Road Central, Hong Kong for the purpose of considering and, if thought fit, passing (with or without modifications) the following ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

“**THAT:**

- (1) a sales and purchase agreement dated 3 January 2005 (“Agreement A”) made between Upbest Land Company Limited, Upbest Macau Land Company Limited (together the “Purchaser A”), and Ms. Chim Mei Hing, Mr. Song Jeong Kong and Mr. Chan Kun Van (together the “Vendor A”) in relation to the acquisition of the entire share capital of Companhia De Fomento Predial E Investimento San San, Limitada (detail of which are set out in the circular of the Company dated 27 January 2005 to its Shareholders (the “Circular”)). The consideration is to be payable by cash in the following manner:
 - (a) HK\$5 million upon signing of Agreement A;
 - (b) HK\$15 million within 45 days from the date of Agreement A; and
 - (c) The balance of HK\$8.5 million within 90 days from the date of Agreement A.

The Agreement A and the transaction contemplated therein be and are hereby approved and the directors of the Company (or any one of them) be and are hereby authorized on behalf of the Company to sign seal execute perfect and deliver all such documents and to implement and take all steps and do all acts and things as may be necessary or desirable or expedient for the purpose of, or in connection with, the implementation of the Agreement A, including without limitation, the exercise or enforcement of, directly or indirectly, any of the Group’s rights under the Agreement A and to make and agree such variations in the terms of the Agreements as they may in their discretion consider to be desirable and in the interests of the Company.”

Yours faithfully,
By Order of the Board
Upbest Group Limited
LI Kwok Cheung, George
Executive Director and Company Secretary

27 January 2005



UPBEST GROUP LIMITED

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

PROXY FORM

Proxy form for use by shareholders at the Extraordinary General Meeting ("Meeting") to be held at 2/F, Wah Kit Commercial Centre, 302 Des Voeux Road Central, Hong Kong on 16 February 2005, at 10:30 a.m.

I/We (note a) _____ of _____
_____ being the registered holder(s) of _____
shares (note b) of HK\$0.01 each in the capital of **UPBEST GROUP LIMITED** ("Company") **HEREBY APPOINT THE CHAIRMAN OF THE MEETING** or (note c) _____ of _____
_____ as my/our proxy to vote and act for me/us at the Meeting (and at any adjournment thereof) of the Company to be held at 2/F, Wah Kit Commercial Centre, 302 Des Voeux Road Central, Hong Kong on 16 February 2005 at 10:30 a.m. for the purposes of considering and, if thought fit, passing the resolutions set out in the Notice convening the Meeting and at such Meeting (and at any adjournment thereof) to vote for me/us and in my/our name(s) in respect of the resolutions as indicated below (note d).

	Ordinary Resolution	For (note d)	Against (note d)
1.	Ordinary Resolution on item (1) of the Notice of Extraordinary General Meeting (to approve the Agreement A and the transaction in relation to the acquisition of the entire share capital of Companhia De Fomento Predial E Investimento San San, Limitada)		

Dated _____

Signature (note f) _____

Notes:

- Full name(s) and address(es) to be inserted in **BLOCK CAPITALS**.
- Please insert the number of shares of HK\$0.01 each registered in your name(s). If no number is inserted, the proxy form will be deemed to relate to all the shares of the Company registered in your name(s).
- If any proxy other than the Chairman is preferred, strike out **"THE CHAIRMAN OF THE MEETING or"** here and insert the name and address of the proxy desired in the space provided. **ANY ALTERATION MADE TO THIS PROXY FORM MUST BE INITIALED BY THE PERSON WHO SIGNS IT.**
- IMPORTANT: IF YOU WISH TO VOTE FOR ANY RESOLUTION, TICK THE BOX MARKED "FOR" BESIDE THE APPROPRIATE RESOLUTION. IF YOU WISH TO VOTE AGAINST ANY RESOLUTION, TICK THE BOX MARKED "AGAINST" BESIDE THE APPROPRIATE RESOLUTION.** Failure to complete any or all boxes will entitle your proxy to cast his votes on the relevant resolutions at his discretion. Your proxy will also be entitled to vote at his discretion on any resolution properly put to the Meeting other than those referred to in the notice convening the Meeting.
- Under the Company's articles of association, a resolution put to the vote of the Meeting shall be decided on a show of hands unless a poll is properly demanded; and on a show of hands, every member present in person or (being a corporation) by duly authorised representative shall have one vote. **AS THE CHAIRMAN IS ONLY ABLE TO EXERCISE ONE VOTE ON A SHOW OF HANDS, HE WILL USE THE VOTE FOR THOSE MEMBERS WHO WISH TO VOTE FOR ANY OR ALL OF THE RESOLUTIONS PUT TO THE MEETING. IF YOU WISH TO VOTE AGAINST ANY OR ALL OF THE RESOLUTIONS PUT TO THE MEETING, YOU MUST APPOINT A PERSON OTHER THAN THE CHAIRMAN OF THE MEETING TO ACT AS YOUR PROXY.**
- This proxy form must be signed by you or your attorney duly authorised in writing or, in the case of a corporation must be either under its common seal or under the hand of an officer or attorney duly authorised.
- Where there are joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he was solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present whose name stands first on the Register of Members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
- To be valid, the proxy form together with any power of attorney or other authority (if any) under which it is signed or notarially certified copy thereof, must be lodged with the Company at its principal place of business in Hong Kong at 2/F, Wah Kit Commercial Centre, 302 Des Voeux Road Central, Hong Kong not less than 48 hours before the time for holding the Meeting or any adjournment thereof.
- A proxy need not be a member of the Company but must attend the Meeting in person to represent you.
- Completion and deposit of the proxy form will not preclude you from attending and voting at the Meeting should you so wish.