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UPBEST GROUP LIMITED

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

ANNOUNCEMENT IN RELATION TO THE ACQUISITION OF GOLD-FACE FINANCE LIMITED

This announcement is made pursuant to Upbest Group Limited's disclosure obligation under Chapter 13 and Rule 14.36 of the Listing Rules.

Reference is made to the announcement and circular of Upbest Group Limited dated 28 January 2005 and 16 February 2005 respectively in relation to the acquisition of the entire share capital of Gold-Face Finance Limited for a consideration of HK\$33 million.

On 8 March 2005, Upbest Finance Company Limited had entered into a supplemental agreement with Gold-Face Finance Limited to revise the offer to subscribe for 28,000,000 subscription shares (but not 33,000,000 subscription shares as originally contemplated under the Agreement) at an aggregate consideration of HK\$28,000,000 only.

This announcement is made pursuant to Upbest Group Limited's (the "Company") disclosure obligation under Chapter 13 and Rule 14.36 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

Reference is made to the announcement and circular of the Company dated 28 January 2005 (the "Announcement") and 16 February 2005 (the "Circular") respectively in relation to the acquisition of the entire share capital of Gold-Face Finance Limited ("GFF") by Upbest Finance Company Limited, a wholly-owned subsidiary of the Company for a consideration of HK\$33 million. Terms used in the Announcement and Circular shall have the same meanings when used herein, unless otherwise defined.

On 8 March 2005, Upbest Finance Company Limited, had entered into a supplemental agreement (the "Supplemental Agreement") with GFF to revise the offer to subscribe for 28,000,000 subscription shares (but not 33,000,000 subscription shares as originally contemplated under the Agreement) at an aggregate consideration of HK\$28,000,000 only and is still a discloseable transaction. Save as the change of consideration from HK\$33,000,000 to HK\$28,000,000, there does not exist any material change regarding the terms contained in the Agreement dated 21 January 2005.

Pursuant to the Agreement, completion of the subscription of 33,000,000 new shares and the transfer of the existing 2 issued shares and 2 deferred shares shall be made conditional upon, among other matters, completion of a due diligence review of GFF's records, financial results, business operations, management, ownership of assets and other matters of GFF to our absolute satisfaction.

During the due diligence review, our legal advisor however note that a significant number of the second mortgage loans and personal loans are subject to material irregularities and outstanding issues which may have a significant adverse impact on GFF's loan portfolios. Such irregularities and outstanding issues, particulars of most of which include but not limited to the subsistence of (a) an undischarged building mortgage over Villa Pinada, No. 88 Hong Po Road at Tuen Mun, New Territories, Hong Kong and (b) an undischarged building mortgage and an undischarged security deed over The Aegean, No.2 Tsing Fat Street, Tuen Mun, New Territories, Hong Kong. There does not exist any impact over the loan portfolio itself but the legal title of the pledged assets. In this case, there will not be any impact over the loan amount and we are not able to quantify the impact or amount to the entire portfolio. The due diligence review is not completed yet.

The irregularities and outstanding issue are mainly fall within the pledged assets, during the due diligence review, the Company's legal advisor has performed all necessary procedures to ensure that GFF had registered its rights over the pledged assets.

In light of those material irregularities and outstanding issues, Upbest Finance and GFF had agreed to revise to subscribe for 28,000,000 subscription shares (but not 33,000,000 subscription shares as originally contemplated under the Agreement) at an aggregate consideration of HK\$28,000,000 only.

OTHERS

The board of directors of the Company considers that the terms of the Supplemental Agreement are fair and reasonable to the shareholders of the Company as a whole, and are on normal commercial terms and are beneficial to and in the best interests of the Group and the shareholders of the Company.

Other than the above, the Company is of the view that so far there is no other information that is discloseable but has not yet been disclosed. Further announcement will be made by the Company pursuant to Chapter 13 and Rule 14.36 of the Listing Rules if necessary.

GENERAL

As at the date of this announcement, the Board of the Company consists of Dr. Wong King Keung, Peter as non-executive director and chairman, Mr. Wong Ching Hung, Thomas, Mr. Cheng Kai Ming, Charles and Mr. Li Kwok Cheung, George as executive directors and Mr. Wong Wai Kwong, David, Mr. Pang Cheung Hing, Alex and Mr. Fuk Ho Kai as independent non-executive directors.

By order of the Board
LI Kwok Cheung, George
Executive Director

Hong Kong, 9 March 2005

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