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**UPBEST GROUP LIMITED**

**美建集團有限公司\***

*(incorporated in Cayman Islands with limited liability)*  
(Stock code: 335)



**UBA INVESTMENTS LIMITED**

**開明投資有限公司\***

*(incorporated in Cayman Islands with limited liability)*  
(Stock code: 768)

## **Continuing Connected Transaction in Relation to Securities Brokerage Commission**

The Upbest Group and UBA Group have entered into supplemental agreements for the transaction in relation to the securities brokerage service. Upbest Group and UBA Group agreed to extend the service period from 1<sup>st</sup> November, 2007 to 31<sup>st</sup> March, 2010.

CCAA holds approximately 70.75% interest in Upbest. Fung Fai holds approximately 32.08% of UBA. The ultimate beneficial owner of CCAA and Fung Fai is Cheng's Family Trust. Beneficiaries of the Cheng's Family Trust include Mr. Cheng, Ms. Cheng and Mr. Andrew Cheng and each of them is director of Upbest. Mr. Andrew Cheng is also a director of UBA. Moreover, UAML, the investment manager of UBA, is regarded as a connected person of UBA under Rule 21.13 of the Listing Rules. Accordingly, the provision of securities brokerage service by USCL constitutes Continuing Connected Transaction for Upbest Group and UBA Group under Rule 14A.34 of the Listing Rules.

Given the aggregate value of the transaction on an annual basis is less than 2.5% of the applicable percentage ratios pursuant to Rule 14A.34 of the Listing Rules, this Continuing Connected Transaction is exempted from the independent shareholders' approval requirements and are only subject to the reporting and announcement requirements under the Listing Rules.

### **BACKGROUND**

CCAA, an investment holding company, holds approximately 70.75% interest in Upbest. Fung Fai, an investment holding company, holds approximately 32.08% of UBA. The ultimate beneficial owner of CCAA and Fung Fai is Cheng's Family Trust. Beneficiaries of the Cheng's Family Trust include Mr. Cheng, Ms. Cheng and Mr. Andrew Cheng and each of them is director of Upbest. Mr. Andrew Cheng is also a director of UBA. Moreover, UAML, the investment manager of UBA, is regarded as a connected person of UBA under Rule 21.13 of the Listing Rules. Accordingly, the provision of securities brokerage service by USCL constitutes Continuing Connected Transaction for Upbest and UBA under Rule 14A.34 of the Listing Rules.

The principal activity of Upbest is investment holding. Its subsidiaries are principally engaged in securities broking, futures broking, securities margin financing, money lending, corporate finance advisory, asset management, precious metal trading and property investment.

UBA is an investment company listed under Chapter 21 of the Listing Rules and its principal activities are investment in listed securities and unlisted securities for its potential earnings growth and capital appreciation.

USCL is wholly owned subsidiary of Upbest which provides securities brokerage service.

## **AGREEMENTS BETWEEN UPBEST GROUP AND UBA GROUP**

### **Summary of the agreements**

#### **(a) Securities brokerage service**

<b>Service Provider</b>	<b>Service Receiver</b>	<b>Date of original agreement</b>
USCL	UBA	12 <sup>th</sup> July, 2000
USCL	UBA Financial	18 <sup>th</sup> July, 2001
USCL	Super Idea	22 <sup>nd</sup> June, 1999

The above agreements have the same terms as follows:

Payment term : Cash payment on the settlement date (the second business day after the transaction)

Commission : Commission charged at 0.25% on each securities transaction value

In order to comply with the requirement set out in Rule 14A.35(1) of the Listing Rules, on 1<sup>st</sup> November, 2007, each of UBA, UBA Financial and Super Idea had entered into supplemental agreement with USCL in relation to the securities brokerage service provided by USCL to UBA Group. According to the supplemental agreements entered into on 1<sup>st</sup> November, 2007, USCL and each of the UBA, UBA Financial and Super Idea agreed that the original agreement will be terminated on 31<sup>st</sup> March, 2010 and is subject to renewal by written supplemental agreement between the contract parties. Save as disclosed above, the original agreements regarding the securities brokerage service shall in all respects remain and continue in full force and effect.

In the ordinary and usual course of business, USCL provides securities brokerage service, which charges brokerage commission rate at 0.25%, the prevailing market rate, on the value of the transactions. The securities brokerage commission is charged when transaction is concluded.

## **REASON FOR AND BENEFIT OF THE CONTINUING CONNECTED TRANSACTION**

Upbest Group provides the services under the Continuing Connected Transaction since the commencement of business of UBA Group in year 2000. In view of the long term business relationship since then and operational convenience brought to Upbest Group and UBA Group, each of the Upbest Board and UBA Board considers them to be in the best interests

of Upbest Shareholders and UBA Shareholders to engage in the Continuing Connected Transaction.

The Continuing Connected Transaction will continue to be conducted in the ordinary and usual course of business of Upbest Group and UBA Group, and on normal commercial terms determined on an arm's length basis.

## HISTORICAL DATA

The historical data in relation to securities brokerage commission, is shown below:

	31 <sup>st</sup> March, 2005	For the year ended		For the period
	31 <sup>st</sup> March, 2005	31 <sup>st</sup> March, 2006	31 <sup>st</sup> March, 2007	1 <sup>st</sup> April, 2007 to 15 <sup>th</sup> October, 2007
	HK\$'000 (Audited)	HK\$'000 (Audited)	HK\$'000 (Audited)	HK\$'000 (Unaudited)
<b>UBA's Net Asset Value</b>	93,672	106,676	150,379	192,292
<b>Provision of Securities Brokerage Service</b>				
Commission (approximately)	123	274	996	861

For the three years ended 31<sup>st</sup> March, 2005, 2006 and 2007, the provision of securities brokerage commission is exempted from the reporting, announcement and independent shareholder's approval requirements in accordance with Rule 14A.33(3) of the Listing Rules.

Securities brokerage commission amounted to approximately HK\$861,000 for the period from 1<sup>st</sup> April, 2007 to 15<sup>th</sup> October, 2007. Securities brokerage commission incurred during the period from 1<sup>st</sup> April, 2007 to 15<sup>th</sup> October, 2007 is less than 2.5% of the applicable percentage ratio and is less than HK\$1 million pursuant to Rule 14A.33(3) of the Listing Rules, it is exempted from the reporting, announcement and independent shareholders approval requirements.

## ANNUAL CAPS

With reference to the above historical information, the Upbest Board and UBA Board set an annual cap amount for the Continuing Connected Transaction for the three financial years ending 31<sup>st</sup> March, 2008, 2009 and 2010 as follows:

	Proposed annual cap amount for the year ending		
	31 <sup>st</sup> March, 2008	31 <sup>st</sup> March, 2009	31 <sup>st</sup> March, 2010
	HK\$'000	HK\$'000	HK\$'000
<b>Provision of Securities Brokerage Service</b>			
Commission	2,000	2,400	2,880

The annual cap amounts are determined by reference to the present transactions value, which is the current accumulated value of purchase and disposal of securities and bullion and the financing facilities provided by Upbest Group to UBA Group during the period of 1<sup>st</sup> April, 2007 to 15<sup>th</sup> October, 2007, and an expected annual growth rate of approximately 20%.

Based on the historical trend, both Upbest Board and UBA Board considered that the 20% annual growth rate is reasonable. Since UBA is an investment holding company, its portfolio mainly consists of listed securities. The turnover of UBA mainly reflects the listed securities transactions entered into by UBA Group. The securities brokerage commission charged is based on the transaction value. By reference to the historical data as shown above and the average annual growth rate of UBA's net assets value from 31<sup>st</sup> March, 2005 to 31<sup>st</sup> March, 2007 having carefully consider any possible negative adjustment of the market due to unforeseeable factors in the global economy, the Upbest Board and UBA Board, including their respective independent non-executive directors, are of the opinion that the annual cap is fair and reasonable and in the interest of the respective company and their respective shareholders as a whole.

The board, including their respective independent non-executive directors, of both Upbest Group and UBA Group are satisfied that (1) the Continuing Connected Transaction has been entered into in the ordinary and usual course of both Upbest Group and UBA Group's business on normal commercial terms and (2) the terms and conditions of the supplemental agreements and the annual cap are fair and reasonable and the entering of the supplemental agreement is in the interest of the respective company and their respective shareholders as a whole.

The relevant percentage ratios on an annual basis are less than 2.5% of the applicable percentage ratios. According to Rules 14A.45 to 14A.47 of the Listing Rules, both Upbest and UBA are required to disclose details of the Continuing Connected Transaction by way of announcement and include the information in relation to the transaction disclosed herein in the next published annual report and accounts of Upbest and UBA, and the Continuing Connected Transaction is exempted from the independent shareholders' approval requirements under Rule 14A.34 of the Listing Rules.

*By order of the Board*  
**Upbest Group Limited**  
SUEN Man Tak, Stephen  
Executive Director

*By order of the Board*  
**UBA Investments Limited**  
LEUNG King Yue, Alex  
Executive Director

Hong Kong, 5<sup>th</sup> November, 2007

*\* For identification purpose only*

*As at the date of this announcement, Upbest Board consists of Dr. Wong King Keung, Peter as chairman and non-executive director, Mr. Wong Ching Hung, Thomas as non-executive director, Mr. Cheng Kai Ming, Charles, Mr. Suen Man Tak, Stephen, Mr. Li Kwok Cheung, George, Ms. Cheng Wai Ling, Annie and Mr. Cheng Wai Lun, Andrew as executive directors and Mr. Chan Chung Yee, Alan, Mr. Pang Cheung Hing, Alex and Mr. Fuk Ho Kai as independent non-executive directors.*

*As at the date of this announcement, UBA Board consists of Mr. Leung King Yue, Alex, Mr. Li Kwok Cheung, George, Mr. Cheng Wai Lun, Andrew and Dr. Wong Yun Kuen as executive directors and Mr. Chan Chung Yee, Alan, Dr. Lewis Hung Fung and Mr. Ip Man Tin, David as independent non-executive directors.*

## DEFINITIONS

“CCAA”	CCAA Group Limited, an investment holding company, holds approximately 70.75% interest in Upbest
“Cheng’s Family Trust”	is a trust of which the discretionary objects are members of Mr. Cheng’s family
“Continuing Connected Transaction”	the securities brokerage service provided by USCL to UBA Group
“Fung Fai”	Fung Fai Growth Limited, an investment holding company, holds approximately 32.08% of UBA
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Andrew Cheng”	Mr. Cheng Wai Lun, Andrew
“Mr. Cheng”	Mr. Cheng Kai Ming, Charles
“Ms. Cheng”	Ms. Cheng Wai Ling, Annie
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Super Idea”	Super Idea International Ltd., a company incorporated in British Virgin Islands with limited liability, is a wholly owned subsidiary of UBA and is principally engaged in investment in listed securities and unlisted securities.
“UAML”	Upbest Assets Management Limited, a company incorporated in Hong Kong with limited liability, is registered as an investment adviser with the Securities and Futures Commission and is principally engaged in the provision of investment and asset management services for discretionary and non-discretionary funds. Upbest Assets Management Limited is a wholly owned subsidiary of Upbest
“UBA Board”	The board of directors, including the independent non-executive directors, of UBA

“UBA Financial”	UBA Financial Trading Limited, a company incorporated in Hong Kong with limited liability, is a wholly owned subsidiary of UBA and is principally engaged in investment in listed securities and unlisted securities.
“UBA Group”	UBA and its subsidiaries
“UBA Shareholders”	Shareholders of UBA
“UBA”	UBA Investments Limited, a company incorporated in the Cayman Islands with limited liability, the securities of which are listed on the main board of the Stock Exchange.
“USCL”	Upbest Securities Company Limited, a company incorporated in Hong Kong with limited liability, is registered under the Securities and Futures Commission and is principally engaged in the provision of type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities
“Upbest Board”	The board of directors, including the independent non-executive directors, of Upbest
“Upbest Group”	Upbest and its subsidiaries
“Upbest Shareholders”	Shareholders of Upbest
“Upbest”	Upbest Group Limited, a company incorporated in the Cayman Islands with limited liability, the securities of which are listed on the main board of the Stock Exchange