
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker, or other licensed securities dealer, bank manager, solicitors, professional accountant or other professional adviser.

If you have sold or transferred all your shares in UBA Investments Limited (the “**Company**”), you should at once hand this circular and the accompanying 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.

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**UBA INVESTMENTS LIMITED****開明投資有限公司****(incorporated in the Cayman Islands with limited liability)***(Stock Code: 768)****CONTINUING CONNECTED TRANSACTIONS**

Independent financial adviser to the Independent Board Committee and Independent Shareholders

 **永豐金證券(亞洲)有限公司**
SinoPac Securities (Asia) Limited

A letter from the Independent Board Committee is set out on page 19 of this circular. A letter from SinoPac Securities (Asia) Limited, the independent financial adviser, containing its advice to the Independent Board Committee and the Independent Shareholders of UBA is set out on pages 20 to 41 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, on 26th March 2013 at 3:00 p.m is set out on pages 47 to 48 of this circular. A form of proxy for use at the extraordinary general meeting is enclosed.

Whether or not you are able to attend the meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to the Company's principal place of business at Flat B, 16th Floor, Wah Kit Commercial Centre, 302 Des Voeux Road Central, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the extraordinary general meeting or any adjourned meeting. Completion and delivery of the form of proxy will not preclude you from attending and voting in person at the extraordinary general meeting if you so wish.

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“associate”	has the meaning ascribed to it in the Listing Rules
“CCAA”	CCAA Group Limited, an investment holding company, holds approximately 73.65% interest in Upbest as at the Latest Practicable Date
“Cheng’s Family Trust”	a trust of which the discretionary objects are family members of Ms. Cheng and Mr. Cheng
“Company” or “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
“Continuing Connected Transactions”	the continuing connected transactions as contemplated under the Supplemental Agreements
“EGM” or “UBA EGM”	the extraordinary general meeting of the Company to be convened and held to consider and approve the Continuing Connected Transactions, details of which are set out in this circular
“Financial Assistance”	the loan advanced of securities margin and initial public offer financing and precious metal margin financing
“Financial Assistance Supplemental Agreements”	the supplemental agreements entered into between each of UBA, UBA Financial and Super Idea dated 28th January 2013 with UICL and the supplemental agreement dated 28th January 2013 between UBA Gold and UGL in relation to the provision of Financial Assistance by Upbest Group to UBA Group
“Financial Year”	financial year of the Upbest and UBA, both being the twelve (12) months from 1st April to 31st March in the next year
“First Investment Management Agreement”	the investment management agreement entered into between UAML and UBA dated 6th November 2000 in relation to the provisions of assets management services by UAML to UBA
“First Supplemental Investment Management Agreement”	the supplemental agreement entered into between UAML and UBA dated 31st March 2006 in relation to the provisions of assets management services by UAML to UBA
“Fourth Supplemental Investment Management Agreement”	the supplemental agreement entered into between UAML and UBA dated 28th January 2013, in relation to the provisions of assets management services by UAML to UBA

DEFINITIONS

“Fung Fai”	Fung Fai Growth Limited, an investment holding company, holds approximately 32.08% interest of UBA as at the Latest Practicable Date
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Investment Management Agreements”	collectively the Second Investment Management Agreement and the supplemental agreements to it from time to time (including the First Supplemental Investment Management Agreement, the Second Supplemental Investment Management Agreement, the Third Supplemental Investment Management Agreement and the Fourth Supplemental Investment Management Agreement)
“Latest Practicable Date”	28th February 2013 being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Management Fee”	the management fee payable by UBA to UAML under the Investment Management Agreements from time to time
“Mr. Cheng”	Mr. CHENG Wai Lun, Andrew
“Ms. Cheng”	Ms. CHENG Wai Ling, Annie
“Performance Fee”	the performance fee payable by UBA to UAML under the Investment Management Agreements
“Securities Brokerage Commission”	the securities brokerage commission payable by each of UBA, UBA Financial and Super Idea to USCL under the Securities Brokerage Agreement
“Securities Brokerage Supplemental Agreements”	the supplemental agreements entered into by each of UBA, UBA Financial and Super Idea with USCL dated 28th January 2013 in relation to the securities brokerage services provided by USCL to UBA Group
“Second Investment Management Agreement”	the investment management agreement entered into by UAML and UBA dated 31st March 2003 in relation to the provisions of assets management services by UAML to UBA
“Second Supplemental Investment Management Agreement”	the supplemental agreement entered into between UAML and UBA dated 2nd May 2008 in relation to the provisions of assets management services by UAML to UBA

DEFINITIONS

“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“SinoPac” or “UBA Independent Financial Adviser” or “Independent Financial Adviser”	SinoPac Securities (Asia) Limited, a licensed corporation under the SFO permitted to carrying out type 6 (advising on corporate finance) regulated activities, being the independent financial adviser appointed to advise the UBA Independent Board Committee and the Independent Shareholders in respect of the Continuing Connected Transactions
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Super Idea”	Super Idea International Limited, a company incorporated in British Virgin Islands with limited liability, is a wholly owned subsidiary of UBA
“Supplemental Agreements”	together the Financial Assistance Supplemental Agreements, the Fourth Supplemental Investment Management Agreement but excluded the Securities Brokerage Supplemental Agreements
“Third Supplemental Investment Management Agreement”	the supplemental agreement entered into between UAML and UBA dated 11th February 2010 in relation to the provisions of assets management services by UAML to UBA
“UAML”	Upbest Assets Management Limited, a company incorporated in Hong Kong with limited liability, is registered under the Securities and Futures Ordinance and is principally engaged in the provision of type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities. Upbest Assets Management Limited is a wholly owned subsidiary of Upbest
“UBA Board” or “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
“UBA Gold”	UBA Gold Investment Limited, a company incorporated in Samoa with limited liability, is a wholly owned subsidiary of UBA
“UBA Group”	UBA and its subsidiaries

DEFINITIONS

“UBA Independent Board Committee” or “Independent Board Committee”	the independent board committee of UBA composing Dr. FUNG Lewis Hung and Mr. TANG Hon Bui, Ronald and both of them are independent non-executive directors of UBA
“UBA Independent Shareholders” or “Independent Shareholders”	UBA Shareholders other than Fung Fai together with its respective associates
“UBA Shareholders” or “Shareholders”	shareholders of UBA
“UGL”	Upbest Gold Limited, a company incorporated in Hong Kong with limited liability, is principally engaged in the provision of bullion dealing and precious metal margin financing service. Upbest Gold Limited is a 75% owned subsidiary of Upbest
“UICL”	Upbest Investment Company Limited, a company incorporated in Hong Kong with limited liability, is registered under the Securities and Futures Ordinance and is principally engaged in the provision of type 8 (securities margin financing) regulated activities. Upbest Investment Company Limited is a wholly owned subsidiary of Upbest
“USCL”	Upbest Securities Company Limited, a company incorporated in Hong Kong with limited liability, is registered under the Securities and Futures Ordinance 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 Securities Company Limited is a wholly owned subsidiary 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
“Upbest Board”	the board of directors, including the independent non-executive directors, of Upbest
“Upbest EGM”	the extraordinary general meeting of Upbest to be convened and held to consider the Continuing Connected Transactions
“Upbest Group”	Upbest and its subsidiaries
“Upbest Independent Board”	the independent board committee of Upbest composing Mr. POON Kai Tik and Mr. HUI Man Ho, Ivan and both of them are independent non-executive directors of Upbest

DEFINITIONS

“Upbest Independent Financial Adviser”	RaffAello Capital Limited, the independent financial adviser to advise the Upbest Independent Board Committee
“Upbest Independent Shareholders”	Upbest Shareholders other than CCAA together with its respective associates
“Upbest Shareholders”	Shareholders of Upbest
“Valuation Date”	the last dealing day on the Stock Exchange in each calendar month or such other dealing day as considered appropriate by the UBA Board for the purpose of calculating the net asset value
“%”	per cent.

LETTER FROM THE BOARD



UBA INVESTMENTS LIMITED

開明投資有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 768)

Executive Directors:

Mr. Chau Wai Hing, Jeff
Mr. Cheng Wai Lun, Andrew
Dr. Wong Yun Kuen

Independent non-executive Directors:

Mr. Chan Chung Yee, Alan
Dr. Fung Lewis Hung
Mr. Tang Hon Bui, Ronald

Registered office:

P.O. Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

Principal place of business in

Hong Kong:

Flat B, 16th Floor, Wah Kit Commercial Centre
302 Des Voeux Road Central
Hong Kong

4th March 2013

To the Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

I. INTRODUCTION

Reference is made to the joint announcement of the Company and Upbest dated 28 January 2013 in relation to, among others, the entering into of the Supplemental Agreements on 28 January 2013 by various members of the Upbest Group and the UBA Group.

The entering into of the Supplemental Agreements constitutes continuing connected transactions on the part of both Upbest and the Company under Chapter 14A of the Listing Rules. Since the annual caps of the (i) Financial Assistance provided by Upbest Group to UBA Group and (ii) Management Fee plus Performance Fee payable by UBA Group to Upbest Group will exceed HK\$10 million in respect of each of the proposed annual caps, according to Rules 14A.35 of the Listing Rules, such transactions are subject to the approval by the Upbest Independent Shareholders and UBA Independent Shareholders at Upbest EGM and UBA EGM respectively.

* For identification purpose only

LETTER FROM THE BOARD

The Securities Brokerage Supplemental Agreements are not subject to independent shareholders' approval under Rule 14A.34 of the Listing Rules.

The purpose of this circular is to (1) provide the Shareholders with information on the said Supplemental Agreements and their respective annual caps for the three Financial Years ending 31st March 2014, 2015 and 2016 respectively; (2) set out the letter from the Independent Board Committee which contains its recommendation to the Independent Shareholders as regards on voting on the approval of the Continuing Connected Transactions; (3) set out the advice letter from SinoPac which contains its recommendation to the Independent Board Committee and the Independent Shareholders on the terms and conditions of the Continuing Connected Transactions; and (4) give a notice to the Shareholders on convening the EGM.

II. BACKGROUND OF THE CONTINUING CONNECTED TRANSACTIONS

Reference is made to the joint announcements by Upbest and UBA dated 11th February 2010 and 21st October 2010 respectively and the circular of each of Upbest and UBA dated 8th March 2010 and 15th March 2010 respectively, in relation to, among others, the continuing connected transactions on the part of the Upbest Group with the UBA Group.

As disclosed in the above mentioned announcements and the circular, UAML, a wholly owned subsidiary of Upbest, has been retained by the UBA Group to provide investment advices on investments in listed and unlisted securities and initial public offerings subscriptions since December 2000. UBA Group has entered into contracts for securities dealing, futures contracts dealing, margin financing and precious metal margin financing pursuant to which Upbest Group will provide Financial Assistance to UBA Group for carrying out trading of Hong Kong listed securities, initial public offerings subscriptions, and precious metal trading. USCL, a wholly owned subsidiary of Upbest, has also provided securities brokerage services to the UBA Group under various agreements as disclosed in the joint announcement made by Upbest and UBA dated 11th February 2010.

Various agreements have been entered into between Upbest Group and UBA Group relating to the provision of assets management services, securities margin financing services, precious metals margin financing services and securities brokerage services.

As disclosed in the joint announcements mentioned above, on 11th February 2010, Upbest Group and UBA Group have entered into various supplemental agreements, inter alia, extending the terms of the provision of the assets management services, securities margin financing service and precious metals margin financing services. The entering into of those supplemental agreements constituted continuing connected transactions on the part of the Upbest Group and UBA Group and had been duly approved by each of the Upbest Independent Shareholders and the UBA Independent Shareholders at each of the respective extraordinary general meeting of Upbest and UBA held on 30th March 2010.

UAML and UBA have entered into the Fourth Supplemental Investment Management Agreement on 28th January 2013 to extend the engagement of UAML for provision of assets management services. The Financial Assistance Supplemental Agreements are also entered into between members of the Upbest Group and members of the UBA Group on 28th January 2013 relating to the extension of the term for provision of securities margin financing services and precious metals margin financing services.

LETTER FROM THE BOARD

USCL, a wholly owned subsidiary of Upbest, has also entered into the Securities Brokerage Supplemental Agreements on 28th January 2013 with members of the UBA Group to renew the service period for provision of securities brokerage services to the UBA Group. The Securities Brokerage Supplemental Agreements are not subject to independent shareholders' approval under Rule 14A.34 of the Listing Rules.

As at the Latest Practicable Date, CCAA holds approximately 73.65% 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. Interested beneficiaries of the Cheng's Family Trust include Ms. Cheng and Mr. Cheng. Ms. Cheng and Mr. Cheng are directors of Upbest. Mr. 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.

Further details of the Supplemental Agreements and the Securities Brokerage Supplemental Agreements are set out below.

III. SUPPLEMENTAL AGREEMENTS IN RELATION TO SECURITIES AND PRECIOUS METAL MARGIN FINANCING SERVICES

(a) Securities margin financing service

Each of UBA, UBA Financial and Super Idea first entered into an agreement separately with UICL respectively on 15th November 2002, 13th March 2003 and 22nd June 1999 (as supplemented by the first supplemental agreement dated 2nd May 2008 as disclosed in the announcement dated 2nd May 2008 and the second supplemental agreement dated 11th February 2010 as disclosed in the announcement dated 11th February 2010) in respect of the provision of (i) securities margin financing services by UICL to the UBA Group at an interest rate of 4.25% above prime rate per annum and (ii) IPO financing at an interest rate with a spread from a range of 0.25% to 1.5% over the borrowing costs of UICL.

On 28th January 2013, each of UBA, UBA Financial and Super Idea had separately entered into the Financial Assistance Supplemental Agreements with UICL in relation to the provision of securities margin financing services by UICL to UBA Group. According to the supplemental agreements, UICL and each of UBA, UBA Financial and Super Idea agreed that the respective relevant original agreement will be extended for a period commencing from 1st April 2013 to 31st March 2016 and is subject to renewal by written supplemental agreements between the contract parties. Save as disclosed above, the relevant original agreements regarding the securities margin financing services shall in all respects remain and continue in full force and effect.

(b) Precious metal margin financing service

UBA Gold first entered into an agreement with UGL on 22nd February 2007 (as supplemented by the first supplemental agreement dated 2nd May 2008 as disclosed in the announcement dated 2nd May 2008 and the second supplemental agreement dated 11th February 2010 as disclosed in the announcement dated 11th February 2010) in respect of the provision of precious metal margin financing services by UGL to the UBA Gold.

LETTER FROM THE BOARD

On 28th January 2013, UGL had entered into a Financial Assistance Supplemental Agreement with UBA Gold in relation to the provision of precious metal margin financing service by UGL to UBA Gold. According to the Financial Assistance Supplemental Agreement, UGL and UBA Gold agreed that the relevant original agreement will be extended for a period commencing from 1st April 2013 to 31st March 2016 and is subject to renewal by written supplemental agreement between the contract parties. The supplemental agreement also provided that the interest rate for the precious metal margin financing service will be from the range of 0.25% to 1% per annum above the borrowing costs and 0.25% to 1% less from the borrowing cost of UGL for call and put position respectively. Save as disclosed above, the relevant original agreement regarding the precious metal margin financing service shall in all respects remain and continue in full force and effect.

Historical Data

Upbest Group had previously provided financing services to UBA Group including (i) securities margin financing services, (ii) precious metal margin financing service, and (iii) initial public offer financings pursuant to the relevant original agreements for securities margin financing service and precious metal margin financing service.

Financial Assistance provided by Upbest Group to UBA Group

The maximum amounts of margin loans advanced by Upbest Group to UBA Group during each of the three years ended 31st March 2010, 31st March 2011, 31st March 2012 and the nine months ended 31st December 2012 are shown below:

	During the Financial Year ended 31st March 2010 (HK\$)	During the Financial Year ended 31st March 2011 (HK\$)	During the Financial Year ended 31st March 2012 (HK\$)	During the nine months ended 31st December 2012 (HK\$)
Margin loans				
Maximum amounts (approximately)	<u>6,011,467</u>	<u>16,322,760</u>	<u>6,028,754</u>	<u>4,655,215</u>

The amounts of margin loans advanced by Upbest Group to UBA Group as at 31st March 2010, 31st March 2011, 31st March 2012 and 31st December 2012 are shown below:

	As at the Financial Year ended 31st March 2010 (HK\$)	As at the Financial Year ended 31st March 2011 (HK\$)	As at the Financial Year ended 31st March 2012 (HK\$)	As at the nine months ended 31st December 2012 (HK\$)
Margin loans (approximately)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

LETTER FROM THE BOARD

The maximum amounts of initial public offer financing advanced by Upbest Group to UBA Group during the last 6 years and each of the three years ended 31st March 2010, 31st March 2011, 31st March 2012 and the nine months ended 31st December 2012 are shown below:

		During the Financial Year ended 31st March 2010 (HK\$)	During the Financial Year ended 31st March 2011 (HK\$)	During the Financial Year ended 31st March 2012 (HK\$)	During the nine months ended 31st December 2012 (HK\$)
Initial Public Offer Financing					
Maximum amounts (approximately)	143,726,306	54,935,965	22,181,557	-	-
	<u>143,726,306</u>	<u>54,935,965</u>	<u>22,181,557</u>	<u>-</u>	<u>-</u>

Cap amount for the Financial Assistance

The UBA Board claimed that no utilization of the initial public offering financing in 2012 was due to the fluctuation in economic and uncertain market condition in year 2012. The UBA Board believe the economic rebound since December 2012 will lead to an increasing demand of initial public offering market in the coming three years and result in high utilization of initial public offer financing like the year ended 31st March 2010 or earlier year as the year ended 31st March 2007 amounting to approximately HK\$143 million and the year ended 31st March 2008 amounting to approximately HK\$119 million.

The UBA Board also explained that the change of interest rate for Precious Metal Margin Financing from cost of funding plus or minus 0.5% to 1% to cost of funding plus or minus 0.25% to 1% as compared with the previous supplemental agreement was based on the market rate in Precious Metal Financing, with reference to the rate from other precious metal trading houses as follow:

	Call Interest rate	Put Interest rate
Wing Fung Financial Group Limited	2%	0.5%
Haitong International Securities Group Limited	2%	1%
Emperor Financial Capital Group	2.5%	0.5%
State Silver Bullion (Hong Kong) Limited	1.5%	1.5%
Gold Root Global Investment Limited	1%-1.25%	0.5%-0.75%
Acetop Precious Metals Limited	1.25%	0.75%
Tanrich (Aisa) Financial Limited	1.5%	1.5%

The UBA Board noted that the market norm for interest of call position range was from 1% to 2.5% and the interest of put position range from 0.5% to 1.5%. After the change of interest rate, Upbest Group will charge UBA for call position range from 2% to 2.75% and for put position, UBA will be charged for the range from 0.75% to 1.5%. The borrowing cost of UGL is based on the Singapore Interbank offered rate ("SIBOR") which is similar to Hong Kong Interbank offered rate ("HIBOR") and according to general understanding of the Board, most of the corporate are using the prime rate for the borrowing. Under the current situation, the SIBOR is much lower than the prime rate for borrowing. The Board expects that when the interest rate fluctuates in the future, using SIBOR with a lower starting point is more favorable

LETTER FROM THE BOARD

to the Company. In addition, UGL only charge the aforesaid interest to the Company for margin borrowing without any other administration expenses which other precious metal trading houses may. The Board considered under the above circumstances, the interest of call position range is still reasonable and within the market norm. In addition, it also allows greater flexibility for the change in interest rate in the future due to the fluctuation of the market rate.

The Upbest Board and UBA Board respectively proposed that the annual cap for the Financial Assistance for each of the Financial Year up to 31st March 2016 should be set at HK\$150,000,000 per annum. The above annual cap was determined by reference to the historical figures and the increase in new listing in the 4th quarter of year 2012.

The payment term of the Financial Assistance shall be as follows:

Precious Metal Margin Financing

- Payment term : Payment on demand
- Collecteral term : Cash deposits of initial margin and maintenance margin
- Interest : 0.25% to 1% per annum above the borrowing costs and 0.25% to 1% less from the borrowing cost of UGL for call position and put position respectively. Such consideration was determined with reference to the same terms and conditions offered to other majority of independent customers

Securities Margin Financing

- Payment term : Payment on demand
- Collecteral term : Pledge of any acceptable security interest by way of security for loans or advances
- Interest : Interest rate of 4.25% above prime rate per annum and calculated on daily balances with monthly interest. Such consideration was determined with reference to the same terms and conditions offered to other majority of independent customers

IV. FOURTH SUPPLEMENTAL INVESTMENT MANAGEMENT AGREEMENT

(a) Background

On 6th November 2000, UAML and UBA first entered into the First Investment Management Agreement pursuant to which UAML provided assets management services to UBA for a term of three years up to 30th November 2003. Reference is made to the announcement of UBA dated 6th November 2000.

LETTER FROM THE BOARD

Prior to the expiration of the First Investment Management Agreement, the same parties entered into the Second Investment Management Agreement dated 31st March 2003 for a term of three years up to 31st March 2006. Reference is made to the announcement of UBA and Upbest dated 31st March 2003 and 4th April 2003 respectively.

Upon the expiration of the Second Investment Management Agreement, the same parties again on 31st March 2006 entered into the First Supplemental Investment Agreement for further extending the term of the Second Investment Management Agreement for another 3 years to 31st March 2009. Reference is made to the joint announcements by Upbest and UBA dated 4th April 2006.

UAML and UBA have on 2nd May 2008 entered the Second Supplemental Investment Management Agreement whereby (i) the term of the Second Investment Management Agreement will be extended to 31st March 2010; and (ii) in addition to the Management Fee, subject to the approval by their respective independent shareholders at UBA EGM and Upbest EGM respectively, the Performance Fee payable in Hong Kong dollars equivalent to 20% of net profit of UBA Group before taxation and before deduction of the Management Fee payable under the Investment Management Agreements shall be paid to UAML for each Financial Year. Please refer to the joint announcement by Upbest and UBA dated 2nd May 2008 for further details of the Second Supplemental Investment Management Agreement. The Second Supplemental Investment Management had been approved by the respective independent shareholders at the extraordinary general meetings of Upbest and UBA respectively held on 10th June 2008.

The same parties again on 11th February 2010 entered into the Third Supplemental Investment Management Agreement whereby the term of the Second Investment Management Agreement together with the First Supplemental Investment Agreement and Second Supplemental Investment Agreement will be extended for a period commencing from 1st April 2010 to 31st March 2013. Reference is made to the joint announcements by Upbest and UBA dated 11th February 2010.

As consideration for UAML's provisions of assets management services to UBA pursuant to the Investment Management Agreements, UAML is entitled to the Management Fee, which amounts to 1.5 per cent per annum of the net asset value of UBA Group as at the immediately preceding Valuation Date on the basis of the actual number of days in the relevant calendar month over a year of 365 days.

(b) The Fourth Supplemental Investment Agreement dated 28th January 2013

UAML and UBA have on 28th January 2013 entered the Fourth Supplemental Investment Management Agreement whereby the term of the Second Investment Management Agreement will be extended for a period commencing from 1st April 2013 to 31st March 2016. Save and except as amended by the Fourth Supplemental Investment Management Agreement dated 28th January 2013, the Second Investment Management Agreement, as extended by the First Supplemental Investment Management Agreement, Second Supplemental Investment Management Agreement and Third Supplemental Investment Management Agreement, will remain in full force and effect.

LETTER FROM THE BOARD

Historical Data

Management Fee and Performance Fee payable by UBA to UAML

The amount of the Management Fee and Performance Fee paid by UBA to UAML during each of the three years ended 31st March 2010, 31st March 2011, 31st March 2012 and the nine months ended 31 December 2012 are shown below:

	During the Financial Year ended 31st March 2010 (HK\$)	During the Financial Year ended 31st March 2011 (HK\$)	During the Financial Year ended 31st March 2012 (HK\$)	During the nine months ended 31st December 2012 (HK\$)
Management Fee	1,630,337	1,994,872	1,740,218	1,190,015
Performance Fee	5,034,930	3,945,659	–	–
Total management & performance fee (approximately)	<u>6,665,267</u>	<u>5,940,531</u>	<u>1,740,218</u>	<u>1,190,015</u>

The Board claimed that the listed securities accounted for not less than 70% net asset value of the Company from 2010 to 2012. The net asset value of the Company was seriously affected by the share price of listed securities and Hang Seng Index. The Hang Seng Index was fluctuated during the years 2010 to 2012 with the range from around 15,500 to 23,600 and lead to the fluctuation in the Management Fee for the year ended 2010 to 2012.

In addition, the performance fee is calculated on the net profit before taxation and before deduction of the Management fee. The performance is positive related to the Hang Seng Index. The profit of the Company started to drop in 2011 and recorded a loss in 2012 as the Hang Seng Index fluctuated and dropped significantly during the financial year ended 31st March 2012. So that it resulted in the great drop of the performance fee from years 2010 to 2012.

Cap amount of Management Fee and Performance Fee

To comply with Rule 14A.35(2) of the Listing Rules, it is required to specify an annual cap in respect of the Management Fee and Performance Fee payable by UBA to the UAML under the Investment Management Agreements (as extended and supplemented by the Fourth Supplemental Investment Management Agreement), which is proposed as follows:

	For the Financial Year ended 31st March 2014 (HK\$)	For the Financial Year ended 31st March 2015 (HK\$)	For the Financial Year ended 31st March 2016 (HK\$)
Management Fee & Performance Fee	<u>8,700,000</u>	<u>10,900,000</u>	<u>13,600,000</u>

LETTER FROM THE BOARD

The Board claimed that the stock market and economic started recovering in October 2012. As the Hang Seng Index started to grow from October 2012 and increased around 9% during the period from October to December 2012. And the Net Asset Value of the Company increased around 7% in line with the Hang Seng Index during the same period. According to the trend of the growth in Hang Seng Index, the Boards also expected that the Company will generate profit and require to pay more performance fee to UAML in the coming years. So that the Board set a higher proposed annual cap amount as above.

As the performance of the Company heavily rely on the Hang Seng Index and as seen the Hang Seng Index increased around 23% in December 2012 compared with 2011. The Board expected that the stock market will become better than existing period and estimated the annual growth rate 25% in the coming year.

The proposed annual caps for Management Fee and Performance Fee are determined by reference to an annualized Management Fee and Performance Fee based on the unaudited result of three months ended 31st December 2012 with an estimated annual growth rate of 25%, which both the Upbest Board and UBA Board consider to be reasonable.

The payment term for the Management Fee and Performance Fee shall be as follows:

Management Fee

Payment term : Monthly payment

Management Fee : 1.5 per cent per annum of the net asset value of UBA Group as at the immediately preceding valuation date on the basis of the actual number of days in the relevant calendar month over a year of 365 days. Such consideration was determined with reference to other independent companies

Performance Fee

Payment term : Yearly payment

Performance Fee : 20% of net profit of UBA Group before taxation and before deduction of the Management Fee payable. Such consideration was determined with reference to other independent companies

V. SECURITIES BROKERAGE SUPPLEMENTAL AGREEMENTS

USCL, a wholly owned subsidiary of Upbest, has also provided securities brokerage services to the UBA Group under various agreements.

Service Provider	Service Receiver	Date of original agreement
USCL	UBA	12th July 2000
USCL	UBA Financial	18th July 2001
USCL	Super Idea	22nd June 1999

LETTER FROM THE BOARD

The above agreements have the same principal 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

Each of UBA, UBA Financial and Super Idea had entered into supplemental agreement with USCL dated 1st November 2007 in relation to extend the period to 31st March 2010 and Second Supplemental Agreement dated 11th February 2010 in relation to extend the period to 31st March 2013 for the securities brokerage services provided by USCL to UBA Group.

In order to comply with the requirement set out in Rule 14A.35(1) of the Listing Rules, on 28th January 2013, each of UBA, UBA Financial and Super Idea had entered into the Securities Brokerage Supplemental Agreements with USCL in relation to the securities brokerage services provided by USCL to UBA Group. According to the Securities Brokerage Supplemental Agreements entered into on 28th January 2013, USCL and each of the UBA, UBA Financial and Super Idea agreed that the original agreement will be extended from the period of 1st April 2013 to 31st March 2016 and is subject to renewal by written supplemental agreement between the contract parties. Save as disclosed above, the original agreements regarding the securities brokerage services shall in all respects remain and continue in full force and effect.

Historical Data

Securities Brokerage Commission charged by USCL to UBA Group

The amounts of Securities Brokerage Commission charged by USCL to UBA Group during each of the three years ended 31st March 2010, 31st March 2011, 31st March 2012 and the nine months ended 31st December 2012 are shown below:

	During the Financial Year ended 31st March 2010 (HK\$)	During the Financial Year ended 31st March 2011 (HK\$)	During the Financial Year ended 31st March 2012 (HK\$)	During the nine months ended 31st December 2012 (HK\$)
Securities Brokerage Commission (approximately)	543,214	1,417,784	344,462	268,485

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.

LETTER FROM THE BOARD

Cap amount for the Securities Brokerage Commission

The Upbest Board and UBA Board respectively proposed that the annual cap for the Securities Brokerage Commission for each of the Financial Year up to 31st March 2016 should be set at HK\$2,000,000 per annum. The above annual cap was determined by reference to the historical figures and the increase in turnover of the Hong Kong stock market.

The Securities Brokerage Commission is only subject to the reporting and announcement requirement and is exempt from the independent shareholders' approval requirement under Rule 14A.34 of the Listing Rule.

VI. INFORMATION OF UPBEST GROUP AND THE COMPANY

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, and precious metal trading and property investment.

Each of UAML, USCL and UICL is a wholly owned subsidiary of Upbest and UGL is a 75% owned subsidiary of Upbest.

The Company 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 their potential earnings growth and capital appreciation. Each of Super Idea and UBA Financial is principally engaged in investment holding and trading of securities. UBA Gold is principally engaged in bullion trading.

VII. REASONS FOR THE CONTINUING CONNECTED TRANSACTIONS

Upbest Group has been providing assets management services to UBA since December 2000. Upbest Group also provides securities margin financing services since the commencement of business of UBA Group in year 2000. Upbest Group also provides precious metal dealing service since year 2007. In view of the long term business relationship and the good performance of UBA during the past financial years, the Upbest Board and the UBA Board consider the entering into of the supplemental agreement in relation to securities and precious margin financing services and the Investment Management Agreements will benefit Upbest Shareholders and UBA Shareholders as a whole. 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 continue to engage Upbest Group to provide aforesaid services to UBA Group.

The Upbest Board (including the independent non-executive directors) and the UBA Board (including the independent non-executive directors) are of the view that terms of the Supplemental Agreements are on normal commercial terms and are fair and reasonable and that the entering into of the transactions are in the interests of both Upbest, UBA, Upbest Shareholders and UBA Shareholders as a whole and in the ordinary and usual course of business of Upbest Group and UBA Group.

LETTER FROM THE BOARD

VIII. LISTING RULES IMPLICATION

As disclosed above, the Continuing Connected Transactions are considered as continuing connected transactions on the part of the Company under Listing Rules. Since the annual caps of the (i) Financial Assistance provided by Upbest Group to UBA Group and (ii) Management Fee plus Performance Fee payable by UBA Group to Upbest Group will exceed HK\$10 million in respect of each of the proposed annual caps, according to Rules 14A.35 of the Listing Rules, such transactions are subject to the approval by the Upbest Independent Shareholders and UBA Independent Shareholders at Upbest EGM and UBA EGM respectively. Securities Brokerage Commission is only subject to the reporting and announcement requirement and is exempt from the independent shareholders' approval requirement.

CCAA and its associates will abstain from voting in Upbest EGM to be convened for the approval of, inter alia, the Continuing Connected Transactions. Fung Fai and its associates will abstain from voting in the EGM to be convened for the approval of, inter alia, the Continuing Connected Transactions.

As at the Latest Practicable Date, CCAA holds approximately 73.65% 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. Interested beneficiaries of the Cheng's Family Trust include Ms. Cheng and Mr. Cheng. Ms. Cheng and Mr. Cheng are directors of Upbest. Mr. 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. Fung Fai and its associates, being connected persons of UBA and have a material interest in the aforesaid Continuing Connected Transactions, will abstain from voting in the UBA EGM to be convened for the approval of, inter alia, the Continuing Connected Transactions.

Mr. Cheng Wai Lun, Andrew, an executive director of Upbest and UBA with interests in Upbest and UBA under CCAA and Fung Fai respectively, is considered to have material interest for his dual role and being a connected person in these Continuing Connected Transactions. Therefore, he is required to be abstained from voting at the Upbest EGM and the UBA EGM respectively and also on the relevant board resolutions approving the same.

Mr. Chan Chung Yee, Alan, an independent non-executive director of both Upbest and UBA without shareholding of Upbest and UBA is considered to have a conflict of interest in these Continuing Connected Transactions for his dual role and therefore is not appointed as a member of the UBA Independent Board Committee and is also required to be abstained from voting at the Upbest EGM and the UBA EGM respectively and also on the relevant board resolutions approving the same.

IX. THE INDEPENDENT BOARD COMMITTEE

UBA Independent Board Committee, comprising of two independent non-executive directors of UBA having no material interest in these Continuing Connected Transactions, namely, Dr. FUNG Lewis Hung and Mr. TANG Hon Bui, Ronald, has been formed to advise the UBA Independent Shareholders in relation to Financial Assistance, Performance Fee and Management Fee. SinoPac has been appointed as the Independent Financial Adviser to the UBA Independent Board Committee and the UBA Independent Shareholders on the terms in relation to the Continuing Connected Transactions.

LETTER FROM THE BOARD

X. EGM

Set out on pages 47 to 48 is a notice convening the EGM to be held at 2nd Floor, Wah Kit Commercial Centre, 302 Des Voeux Road Central, Hong Kong on 26th March 2013 at 3:00 p.m. at which relevant resolution(s) will be proposed to the Shareholders to consider and if thought fit, approve the Continuing Connected Transactions. The voting on the resolution(s) will be taken by way of poll.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM in person, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon to the principal place of business of the Company in Hong Kong at Flat B, 16th Floor, Wah Kit Commercial Centre, 302 Des Voeux Road Central, Hong Kong as soon as practicable but in any event not later than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return the form of proxy will not preclude you from attending and voting in person at the EGM should you so wish.

XI. RECOMMENDATION

The UBA Board considers that the terms of the Continuing Connected Transactions and their respective annual cap are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the UBA Board recommends the Independent Shareholders to vote in favour of the ordinary resolution(s) as set out in the notice of the EGM.

Your attention is also drawn to (i) the letter from the Independent Board Committee set out on page 19 of this circular; and (ii) the letter of advice from SinoPac set out on pages 20 to 41 of this circular, which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Continuing Connected Transactions.

The Independent Board Committee, having taken into account the advice of SinoPac, considers that the terms of the Continuing Connected Transactions are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

XII. ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendix to this circular.

By order of the Board
UBA Investments Limited
CHAU Wai Hing, Jeff
Chairman and Executive Director



UBA INVESTMENTS LIMITED

開明投資有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 768)

4th March 2013

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

We refer to the circular of the Company dated 4th March 2013 (the “**Circular**”) to the Shareholders, of which this letter forms part. Capitalized terms or expressions used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

We have been appointed by the Board to form the Independent Board Committee and to advise you the terms of the Continuing Connected Transactions and the respective annual caps, and in particular whether such terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

SinoPac Securities (Asia) Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on whether the terms of the Continuing Connected Transactions are fair and reasonable so far as the Independent Shareholders are concerned, and whether such terms are in the interests of the Company and the Shareholders as a whole. Details of such advice, together with the principal factors taken into consideration in arriving at such advice, are set out on pages 20 to 41 of the Circular.

Your attention is also drawn to the letter from the Board set out on pages 6 to 18 of the Circular and the additional information set out in the appendix of the Circular.

Having considered the terms of the Continuing Connected Transactions and the advice of SinoPac, we are of the opinion that the Continuing Connected Transactions and the annual caps are on normal commercial terms and the terms of the Continuing Connected Transactions are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the EGM thereby approving the Continuing Connected Transactions and the annual caps.

Yours faithfully,
Independent Board Committee of
UBA Investments Limited

Dr. FUNG Lewis Hung
Independent non-executive Director

Mr. TANG Hon Bui, Ronald
Independent non-executive Director

* For identification purpose only

LETTER OF ADVICE FROM SINOPAC

The following is the full text of the letter dated 4th March 2013 from Independent Financial Adviser to the Independent Board Committee and Independent Shareholders in connection with the proposed continuing connected transactions which has been prepared for the purpose of inclusion in this circular:

 **永豐金證券(亞洲)有限公司**
SinoPac Securities (Asia) Limited
SinoPac Securities (Asia) Limited
21/F, One Peking
1 Peking Road, Tsim Sha Tsui, Kowloon, Hong Kong

4th March 2013

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the continuing connected transactions contemplated under the Financial Assistance Supplemental Agreements and the Fourth Supplemental Investment Management Agreement between UBA Group and Upbest Group relating to the Financial Assistance, the Management Fee and Performance Fee, details of which are set out in the “Letter from the Board” in this circular issued by the Company to the Shareholders dated 4th March 2013 (the “Circular”) of which this letter forms part. Capitalised terms used in this letter shall have the same meanings ascribed to them in the Circular unless the context otherwise requires.

On 28th January 2013, various members of the Upbest Group and the UBA Group have entered into the Supplemental Agreements regarding the extension of the engagement to the Upbest Group to provide the assets management services, securities margin financing services and precious metal margin financing services to the UBA Group.

The entering into of the Financial Assistance Supplemental Agreements and the Fourth Supplemental Investment Management Agreement constitutes continuing connected transactions to the UBA Group under the Chapter 14A of the Listing Rules. Since the annual caps of the (i) Financial Assistance provided by Upbest Group to UBA Group and (ii) Management Fee plus Performance Fee payable by UBA Group to Upbest Group will exceed HK\$10 million in respect of each of the proposed annual caps, according to the Listing Rules, such transactions are subject to the approval by the Independent Shareholders at the EGM respectively.

LETTER OF ADVICE FROM SINOPAC

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations provided to us by the Board. We have assumed that all information and representations that have been provided by the Board, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Board in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Board, which have been provided to us. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules, which include the following:

1. obtaining all information and documents relevant to the assessment of the fairness and reasonableness of the continuing connected transactions contemplated under the Financial Assistance Supplemental Agreements and the Fourth Supplemental Investment Management Agreement, including but not limited to, the Financial Assistance Supplemental Agreements and the Fourth Supplemental Investment Management Agreement, the annual reports of the UBA for the financial years ended 31st March 2010, 31st March 2011, and 31st March 2012, the unaudited financial information provided by the Board for the six months ended 30th September 2012 and the letter from the Board;
2. reviewing the information of UBA Group as well as the reasons and the background of entering into the Financial Assistance Supplemental Agreements and the Fourth Supplemental Investment Management Agreement;
3. reviewing the terms of the Financial Assistance Supplemental Agreements and the Fourth Supplemental Investment Management Agreement; and
4. confirming that no third party expert provides any opinion relevant to the Financial Assistance Supplemental Agreements and the Fourth Supplemental Investment Management Agreement.

The Board have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, there are no other facts the omission of which would make any statements in the Circular misleading.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, nor have we considered the taxation implication on the UBA Group or the Shareholders as a result of the transactions. In addition, we have no obligation to update this opinion to take into account events occurring after the issue of this letter. Nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

LETTER OF ADVICE FROM SINOPAC

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, the sole responsibility of SinoPac Securities (Asia) Limited is to ensure that such information has been correctly extracted from the relevant sources.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation to the Independent Board Committee and the Independent Shareholders on the terms of the Financial Assistance Supplemental Agreements and the Fourth Supplemental Investment Management Agreement and the respective annual caps, we have considered the following principal factors and reasons:

I. Background to and reasons for the Financial Assistance Supplemental Agreements and the Fourth Supplemental Investment Management Agreement

Information on the UBA

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

Information on Upbest

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.

Reasons for and benefits of the continuing connected transactions

Various agreements have been entered into between Upbest Group and UBA Group relating to the provision of assets management services, securities margin financing services and precious metals margin financing services.

UAML, a wholly owned subsidiary of Upbest, has been providing assets management services to UBA since December 2000. Upbest Group also has been providing securities margin financing services since the commencement of business of UBA Group in year 1999. Upbest Group also has been providing the precious metal dealing service since year 2007.

On 28th January 2013, each of UBA, UBA Financial and Super Idea had separately entered into the Financial Assistance Supplemental Agreements with UICL in relation to the provision of securities margin financing services by UICL to UBA Group.

On 28th January 2013, UGL had entered into a Financial Assistance Supplemental Agreement with UBA Gold in relation to the provision of precious metal margin financing service by UGL to UBA Gold.

LETTER OF ADVICE FROM SINOPAC

We are of the view that it is in the interests of Shareholders for UBA to continue the engagement of UAML to provide the assets management services to ensure the service provider has (i) the full understanding of the investment policy of the Board; (ii) the consistence in the standard of identifying investment opportunities and the corresponding risks for UBA Group; and (iii) the continuous provision of the design, operation and monitoring of suitable internal controls to mitigate and control the risks for the UBA Group provided by UAML.

Having considered that the principal activities of UBA are investing in listed securities and unlisted securities, we are of the view that it is in the ordinary and usual course of business of the UBA Group to continue the engagement of the assets management services, the securities and precious metal margin financing services, in particular, to continue these services with which the Upbest Group have provided to UBA Group for years.

II. The Financial Assistance Supplemental Agreements and the Fourth Supplemental Investment Management Agreement

FINANCIAL ASSISTANCE SUPPLEMENTAL AGREEMENTS IN RELATION TO SECURITIES AND PRECIOUS METAL MARGIN FINANCING SERVICES

(a) Securities margin financing service

Each of UBA, UBA Financial and Super Idea first entered into an agreement separately with UICL respectively on 15th November 2002, 13th March 2003 and 22nd June 1999 (as supplemented by the first supplemental agreement dated 2nd May 2008 as disclosed in the announcement dated 2nd May 2008 and the second supplemental agreement dated 11th February 2010 as disclosed in the announcement dated 11th February 2010) in respect of the provision of (i) securities margin financing services by UICL to the UBA Group at an interest rate of 4.25% above prime rate per annum and (ii) IPO financing at an interest rate with a spread from a range of 0.25% to 1.5% over the borrowing costs of UICL.

On 28th January 2013, each of UBA, UBA Financial and Super Idea had separately entered into the Financial Assistance Supplemental Agreements with UICL in relation to the provision of securities margin financing service by UICL to UBA Group. According to the supplemental agreements, UICL and each of UBA, UBA Financial and Super Idea agreed that the respective relevant original agreement will be extended for a period commencing from 1st April 2013 to 31st March 2016 and is subject to renewal by written supplemental agreements between the contract parties. Save as disclosed above, the relevant original agreements regarding the securities margin financing services shall in all respects remain and continue in full force and effect.

LETTER OF ADVICE FROM SINOPAC

(b) *Precious metal margin financing service*

UBA Gold first entered into an agreement with UGL on 22nd February 2007 (as supplemented by the first supplemental agreements dated 2nd May 2008 as disclosed in the announcement dated 2nd May 2008 and the second supplemental agreement dated 11th February 2010 as disclosed in the announcement dated 11th February 2010) in respect of the provision of precious metal margin financing services by UGL to the UBA Gold.

On 28th January 2013, UGL had entered into a Financial Assistance Supplemental Agreement with UBA Gold in relation to the provision of precious metal margin financing service by UGL to UBA Gold. According to the Financial Assistance Supplemental Agreement, UGL and UBA Gold agreed that the relevant original agreement will be extended for a period commencing from 1st April 2013 to 31st March 2016 and is subject to renewal by written supplemental agreement between the contract parties. The Financial Assistance Supplemental Agreement also provided that the interest rate for the precious metal margin financing service will be from the range of 0.25% to 1% per annum above the borrowing costs and 0.25% to 1% less from the borrowing cost of UGL for call position and put position respectively. Save as disclosed above, the relevant original agreement regarding the precious metal margin financing service shall in all respects remain and continue in full force and effect.

HISTORICAL DATA

Upbest Group had previously provided financing services to UBA Group including (i) securities margin financing service, (ii) precious metal margin financing service, and (iii) initial public offer financings pursuant to the relevant original agreements for securities margin financing service and precious metal margin financing service.

(i) *Financial Assistance provided by Upbest Group to UBA Group*

The maximum amounts of margin loans advanced by Upbest Group to UBA Group during each of the six financial years ended from 31st March of 2007 to 31st March 2012 and the nine months ended 31st December 2012 are shown below:

	During the Financial Year ended 31st March 2007 (HK\$)	During the Financial Year ended 31st March 2008 (HK\$)	During the Financial Year ended 31st March 2009 (HK\$)	During the Financial Year ended 31st March 2010 (HK\$)	During the Financial Year ended 31st March 2011 (HK\$)	During the Financial Year ended 31st March 2012 (HK\$)	During the nine months ended 31st December 2012 (HK\$)
Margin loans Maximum amounts (approximately)	17,906,303	18,101,230	5,198,061	6,011,467	16,322,760	6,028,754	4,655,215

LETTER OF ADVICE FROM SINOPAC

The amounts of margin loans advanced by Upbest Group to UBA Group as at 31st March 2007, 31st March 2008, 31st March 2009, 31st March 2010, 31st March 2011, 31st March 2012 and 31st December 2012 are shown below:

	As at the Financial Year ended 31st March 2007 (HK\$)	As at the Financial Year ended 31st March 2008 (HK\$)	As at the Financial Year ended 31st March 2009 (HK\$)	As at the Financial Year ended 31st March 2010 (HK\$)	As at the Financial Year ended 31st March 2011 (HK\$)	As at the Financial Year ended 31st March 2012 (HK\$)	As at 31st December 2012 (HK\$)
Margin loans (approximately)	164,280	-	3,942,081	-	-	-	-

The maximum amounts of initial public offer financing advanced by Upbest Group to UBA Group during each of the six years ended from 31st March 2007 to 31st March 2012 and the nine months ended 31st December 2012 are shown below:

	During the Financial Year ended 31st March 2007 (HK\$)	During the Financial Year ended 31st March 2008 (HK\$)	During the Financial Year ended 31st March 2009 (HK\$)	During the Financial Year ended 31st March 2010 (HK\$)	During the Financial Year ended 31st March 2011 (HK\$)	During the Financial Year ended 31st March 2012 (HK\$)	During the nine months ended 31st December 2012 (HK\$)
Initial Public Offering Financing Maximum amounts (approximately)	143,726,306	119,453,643	-	54,935,965	22,181,557	-	-

Cap amount for the Financial Assistance

Based on the historical figures and the increase in new listing in the 4th quarter of 2012, the Upbest Board and UBA Board respectively proposed that the annual cap for the Financial Assistance for each of the Financial Year up to 31st March 2016 should be set at HK\$150,000,000.

We have reviewed the records of the historical amounts of the margin loans and the initial public offer financing of the Company and noted that the aggregated maximum amount of the margin loans together with the initial public offer financing advanced by Upbest Group to UBA Group were significantly below HK\$150,000,000 during each of the financial years ended 31st March 2010 and 31st March 2011. The Company advised that the low utilization of margin loans and initial public offering financing of the cap amount was mainly due to the economic turmoil and unfavorable market condition, causing the financing needs to be relatively stagnant. The Company further advised that the utilization of the margin financing and initial public offering financing in the coming three years would be back to the similar levels as for the year ended 31st March 2010 or earlier years as the year ended 31st March 2007 and the year ended 31st March 2008. We concur with the Board's view, on the basis of considering that the initial public offering market has been significantly improving since December 2012, which will lead to an increasing demand of initial public offering financing for the coming three years compared with 2012.

LETTER OF ADVICE FROM SINOPAC

Furthermore, due to the recent regulation loosening from People's Republic of China ("PRC") regarding the requirement of domestic companies seeking for oversea listing and the convenience of listing in Hong Kong, more PRC companies will explore opportunities of initial public offering in Hong Kong in 2013, which will also boost the demand of initial public offering financing and indirectly increase the trading volume, leading to a higher demand of Financial Assistance. The annual cap for the Financial Assistance of HK\$150,000,000 was nearly reached in the financial year ended 31st March 2007 and 31st March 2008, with the stock market warming up in 2013, we expect the Financial Assistance will greatly increase.

Accordingly, we are of the view that the annual caps for the Financial Assistance for each of the Financial Year up to 31st March 2016 to be set at HK\$150,000,000 is sufficient and fair and reasonable so far as the Company and the Independent Shareholders are concerned.

The payment terms of the Financial Assistance are as follows:

Precious Metal Margin Financing

Payment terms	:	Payment on demand
Interest	:	Interest rate at the range of 0.25% to 1.00% per annum above the borrowing costs and 0.25% to 1.00% per annum below the borrowing costs of UGL for call and put positions respectively

Securities Margin Financing

Payment terms	:	Payment on demand
Interest	:	Interest rate of 4.25% above prime rate per annum and calculated on daily balances with monthly interest

We have reviewed the Financial Assistance Supplemental Agreements. No extraordinary terms are noted. Except for the precious metal margin financing interest rate changed from the range of 0.50% to 1.00% per annum above and below the borrowing costs of UGL for call position and put position respectively to the range of 0.25% to 1.00%, there are no other changes made to the Financial Assistance Supplemental Agreements. They were signed on the sole purpose of extending the Financial Assistance for another three years. Accordingly, we are of the view that the Financial Assistance Supplemental Agreements are entered into on normal commercial terms.

LETTER OF ADVICE FROM SINOPAC

The Company advises that the change of precious metal margin financing interest rate reflects the latest market situation. We are of the view that the change of precious metal margin financing interest rate is fair and reasonable, because we have found that the net interest margin of banking industry has been declining since 2010. We have reviewed the annual reports for each of the financial years from 2009 to 2011 of five major listed financial institutions in Hong Kong and found that most of them have been suffering a narrowing interest rate margin from 2009 to 2011.

Company Name	Ticker	Net Interest Margin (%) of Respective Financial Years			
		2009	2010	2011	Interim 2012
Wing Hang Bank, Limited	302.HK	1.82	1.84	1.67	1.67
HSBC Holdings plc	5.HK	2.94	2.68	2.51	2.37
Hang Seng Bank Limited	11.HK	1.90	1.78	1.78	1.85
Dah Sing Banking Group Limited	2356.HK	1.95	1.68	1.41	1.47
Chong Hing Bank Limited	1111.HK	1.23	1.21	1.17	1.06

Data sources: annual report of respective company

As we can see from the information gathered from the annual reports of the five listed financial institutions, HSBC Holdings plc, Hang Seng Bank Limited, Chong Hing Bank Limited and Dah Sing Banking Group Limited have been experiencing narrowing net interest margin for each of the three financial years from 2009 to 2011. Wing Hang Bank, Limited has been on a downtrend with a slight increase in financial year 2010. Regarding the interim results of the respective companies, although some of them experienced improved net interest margins, the overall trend is still moving downward comparing to 2010, when UBA Gold signed the second supplemental agreement with UGL.

Moreover, the recent prudential measures for property mortgage loans constitute a more competitive business environment for banks in Hong Kong, we believe that the banks have inducement to sacrifice their net interest margins to attract more customers and gain more market share.

Having considered that, we expect that the narrowing interest rate spread will continue in 2013. We are of the view that the change of precious metal margin financing interest rate is fair and reasonable.

In order to determine the fairness and reasonableness of the margin financing services, we have obtained the securities margin financing interest rates of ten financial institutions through respective company websites, these ten financial institutions are independent third parties and also offer margin financing services.

LETTER OF ADVICE FROM SINOPAC

Company Name	Securities Margin Financing Rate
Haitong International Securities Group Limited	HSBC prime rate + 5% *
Bank of China International Securities Limited	Margin account: base rate + 3% Cash account: base rate + 5% *
Sun Hung Kai Financial Limited	Prime rate + 4.5% ***
South China Financial Holdings Limited	Standard Chartered Bank's prime rate + 4% **
China Merchants Bank International Capital Corporation Limited	Prime lending rate + 3% ***
Chong Hing Securities Limited	Prime interest rate + 3% **
Guangdong Securities Limited	Prime rate + 3% ***
Chief Securities Limited	General bank prime rate + 2.5% ***
SinoPac Securities (Asia) Limited	HK\$ best lending rate + 2% **
Victory Securities Company Limited	HK\$ prime rate + 2% ***

*: According to their company websites, HSBC prime rate and Bank of China International Securities Limited's base rate is 5%

** : According to their company websites, Standard Chartered Bank's prime rate and Chong Hing Securities Limited's Prime interest rate is 5.25%. SinoPac Securities (Asia) Limited's HK\$ best lending rate is 5.25%

***: These companies have not specified which prime rate they adopt on their websites

Data sources: respective company website

The selected ten financial institutions have different sizes and backgrounds, consisting of local securities firms, Chinese banks and securities houses and foreign financial institutions, to represent the average market condition as much as possible. We note that the interest rates range from 2% to 5% above the prime rate. There are currently two prime rates in the market, respectively 5% and 5.25%. For the companies without specifying which prime rate they adopt, assuming that prime rate at 5%, we have the interest rates ranging from 7% to 10%, while assuming that prime rate at 5.25%, we have the interest rates ranging from 7.25% to 10%. Either way, the securities margin financing interest rate offered by the Upbest Group falls within the ranges of those financial institutions.

Furthermore, the Company confirms that there is no preferential treatment towards the Financial Assistance.

On the basis of the aforesaid contents, we are of the view that the terms of the Financial Assistance Supplemental Agreements, including the interest rates of the Financial Assistance, are fair and reasonable so far as the Company and the Independent Shareholders are concerned.

LETTER OF ADVICE FROM SINOPAC

FOURTH SUPPLEMENTAL INVESTMENT MANAGEMENT AGREEMENT

(a) *Background*

On 6th November 2000, UAML and UBA first entered into the First Investment Management Agreement pursuant to which UAML provided investment management services to UBA for a term of three years up to 30th November 2003. Reference is made to the announcement of UBA dated 6th November 2000.

Prior to the expiration of the First Investment Management Agreement, the same parties entered into the Second Investment Management Agreement dated 31st March 2003 for a term of three years up to 31st March 2006. Reference is made to the announcement of UBA and Upbest dated 31st March 2003 and 4th April 2003 respectively.

Upon the expiration of the Second Investment Management Agreement, the same parties again on 31st March 2006 entered into the First Supplemental Investment Agreement for further extending the term of the Second Investment Management Agreement for another 3 years to 31st March 2009. Reference is made to the joint announcement by Upbest and UBA dated 4th April 2006.

UAML and UBA have on 2nd May 2008 entered the Second Supplemental Investment Management Agreement whereby (i) the term of the Second Investment Management Agreement will be extended to 31st March 2010; and (ii) in addition to the Management Fee, subject to the approval by their respective independent shareholders at UBA EGM and Upbest EGM respectively, the Performance Fee payable in Hong Kong dollars equivalent to 20% of net profit of UBA Group before taxation and before deduction of the Management Fee payable under the Investment Management Agreements shall be paid to UAML for each Financial Year. Reference is made to the joint announcements by Upbest and UBA dated 2nd May 2008.

The same parties again on 11th February 2010 entered into the Third Supplemental Investment Management Agreement whereby the term of the Second Investment Management Agreement together with the First Supplemental Investment Management and Second Supplemental Investment Agreement will be extended for a period commencing from 1st April 2010 to 31st March 2013. Reference is made to the joint announcement by Upbest and UBA dated 11th February 2010.

As consideration for UAML's provisions of assets management service to UBA pursuant to the Investment Management Agreements, UAML is entitled to the Management Fee, which amounts to 1.5% per annum of the net asset value ("NAV") of UBA Group as at the immediately preceding Valuation Date on the basis of the actual number of days in the relevant calendar month over a year of 365 days.

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(b) *The Fourth Supplemental Investment Agreement dated 28th January 2013*

UAML and UBA have on 28th January 2013 entered into the Fourth Supplemental Investment Management Agreement whereby the term of the Second Investment Management Agreement will be extended for a period commencing from 1st April 2013 to 31st March 2016. Save and except as amended by the Fourth Supplemental Investment Management Agreement dated 28th January 2013, the Second Investment Management Agreement, as extended by the First Supplemental Investment Management Agreement, Second Supplemental Investment Management Agreement and Third Supplemental Investment Management Agreement, will remain in full force and effect.

The amount of the Management Fee and Performance Fee paid by UBA to UAML during each of the three years ended 31st March 2010, 31st March 2011, 31st March 2012 and the nine months ended 31 December 2012 are shown below:

	During the Financial Year ended 31st March 2010 (HK\$)	During the Financial Year ended 31st March 2011 (HK\$)	During the Financial Year ended 31st March 2012 (HK\$)	During the nine months ended 31st December 2012 (HK\$)
Management Fee & Performance Fee paid	6,665,267	5,940,531	1,740,218	1,190,015

Cap amount of Management Fee and Performance Fee

To comply with the Listing Rules 14A.35(2), it is required to specify an annual cap in respect of the Management Fee and Performance Fee payable by UBA to the UAML under the Investment Management Agreements (as extended and supplemented by the Fourth Supplemental Investment Management Agreement), which is proposed as follows:

	For the Financial Year ended 31st March 2014 (HK\$)	For the Financial Year ended 31st March 2015 (HK\$)	For the Financial Year ended 31st March 2016 (HK\$)
Management Fee & Performance Fee	8,700,000	10,900,000	13,600,000

The proposed annual caps for Management Fee and Performance Fee are determined by reference to the annual growth rate of 25%, which both of the Upbest Board and Board consider reasonable.

The unfavorable market condition of past years have significantly constrained the development of the investment business of UBA. Given the recent well performing primary and secondary stock market of Hong Kong (there have been 21 new listings on the Stock Exchange since mid October of 2012, comparing to a total number of 49 new listings from

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January to end September of 2012. We notice from open market information that the over-subscription rate of the new listings since November 2012 is generally much higher than that of the other new listings in 2012. And the Hang Seng Index (“HSI”) gained 22.91% during 2012, comparing to a decrease of 19.97% during 2011), we expect the prospect of financial market to be relatively brighter than 2012. Since the Company has invested in many companies listed on the Stock Exchange, it is reasonable to assume that the NAV and investment return of UBA are positively correlated with the growth of the stock market in Hong Kong. Since the 22.91% growth of HSI during 2012 is close to the 25% growth rate of annual caps for Management Fee and Performance Fee, and based on the consideration of the recovering initial public offering market, we are of the view that the 25% growth rate is reasonable and fair.

As described in the letter from the Board, the proposed annual caps are determined based on the growth rates of 25% from 2013 to 2015. According to the Company’s NAV as at 31st March from 2008 to 2012, the highest annual rate of growth is 33.05% while the lowest being -37.90%, the rate of 25% is within the range and is regarded by us reasonable.

We have also reviewed the investment portfolio of the Company as at 31st March 2012, and noted that the Company has invested in many companies listed on the Stock Exchange. According to the annual report of the Company for the financial year ended 31st March 2012, the Company has invested in a very diversified portfolio of the listed companies in Hong Kong, covering industries such as real estate, financial, tele-communication, transportation and consumer products manufacturing. Given the diversification of the Company’s investment portfolio, we consider the HSI to be the most suitable, practicable and fair indicator to evaluate the Company’s investment performance. In this connection, we have reviewed the annual rates of return of HSI and NAV of the Company for the financial years ended 31st March of from 2008 to 2012 (“Review Period”), which are summarized below:

For the Financial Year ended 31st March of	NAV	Annual return	Annual HSI return	Percentage of under/ overperformance
2008	141,763,884	-5.73%	15.39%	-21.12%
2009	88,029,526	-37.90%	-40.58%	2.68%
2010	117,126,690	33.05%	56.45%	-23.40%
2011	133,670,007	14.12%	10.77%	3.35%
2012	103,079,525	-22.89%	-12.63%	-10.26%
Highest:		33.05%	56.45%	
Lowest:		-37.90%	-40.58%	

We notice that the Company was loss making in its investments in three out of the last five financial years. But when comparing to the return of the HSI during the same period, we notice the returns of the Company and HSI have been in the same direction, except for the financial year ended 31st March 2008. So we are of the view that the three loss making financial years do not affect our judgment regarding the reasonableness and fairness of the cap amount.

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We note that the rates of annual return of HSI during the Review Period ranged from approximately -40.58% to 56.45%. In particular, the annual return of HSI in the 12 months ended 31st December 2012 increased by approximately 22.91%. Having considered the fact that changes in the NAV may be subject to a diversity of factors, including the global economy, market sentiment and volatility, as well as the performance of the listed securities of companies in China, and the stock market has been significantly improving since December 2012. We conclude that the growth rate of 25% is fair.

The payment term for the Management Fee and Performance Fee shall be as follows:

Management Fee

Payment Term	:	Monthly Payment
Management Fee	:	1.5% per annum of the NAV of UBA Group as at the immediately preceding valuation date on the basis of the actual number of days in the relevant calendar month over a year of 365 days

Performance Fee

Payment Term	:	Yearly Payment
Performance Fee	:	20% of net profit of UBA Group before taxation and before deduction of the Management Fee payable

We have reviewed and included, so far as we are aware, all the management fee packages and performance fee packages published during the last 12 months by the investment companies listed under Chapter 21 of the Listing Rules on the Main Board of the Stock Exchange (the “Comparables”). We consider that the comparison of these packages could provide a general reference for the reasonableness of the Management Fee and Performance Fee and they are appropriate and relevant, which are summarized as below:

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Company name (Stock Code)	Management fee	Performance fee	NAV as at 31 January 2013 (Million HKD)
China Assets (Holdings) Limited (170)	(1) 2.75% per annum on the aggregate cost to the company of the investments (less any provisions in respect thereof) held by it from time to time	Calculated with reference to the return on net assets: On 1st 10% nil; on the next 10%: 15% x (net profit after tax minus 10% of its net assets); and on the excess over 20%: 20% x (net profit after tax minus 20% of its net assets)	1,207
	(2) 1% per annum on the value of the uninvested net assets of the company	If NAV of the company as at a quarter day would be equal to or greater than 100% of the aggregate of the original subscription price of all shares in the company which then remain outstanding, investment manager is entitled to an additional performance bonus amounting 20% of the net capital gains	
Capital VC Limited (2324)	HK\$40,000 per month	N/A	390
China Financial International Investment Limited (721)	Payable monthly in arrears at a rate of 0.75% per annum of the market value of the portfolio on the last business day of each calendar month	5% of the appreciation in the market value of the portfolio above a 10% hurdle rate per annum	978
China Financial Leasing Group Limited (2312)	2.5% per annum of the NAV	15% of the surplus in the NAV over financial year or period	60
China Innovation Investment Limited (1217)	HK\$960,000 per annum by a monthly payment of HK\$80,000	N/A	384

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Company name (Stock Code)	Management fee	Performance fee	NAV as at 31 January 2013 (Million HKD)
China Investment and Finance Group Limited (1226)	HK\$250,000 per month	10% of the surplus net asset of the company as at the last valuation date in a financial year as defined in the agreement but the maximum aggregate annual value of the fee shall not be more than HK\$6,870,000, HK\$9,000,000 and HK\$10,000,000 for the financial years ended 31st March 2012, 31st March 2013 and 31st March 2014 respectively	541
China Investments Fund Company Limited (612)	HK\$150,000 per month	N/A	184

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Company name (Stock Code)	Management fee	Performance fee	NAV as at 31 January 2013 (Million HKD)
China Merchants China Direct Investments Limited (133)	(1) 2.25% of book value for unlisted securities	8% of the amount by which the NAV of the company as at the end of the relevant financial year (as Adjusted) exceeds the high watermark	3,868
	(2) 2.25% of book value for listed securities which are subject to a lock-up period		
	(3) 1.75% of book value for listed securities which are one year after lock-up period lapses		
	(4) 1.5% of book value for listed securities which are more than one year after the lock-up period lapses or which are purchased from the secondary market		
	(5) 0.75% of book value for un-invested ported		
China New Economy Fund Limited (80)	Accruing monthly at the annual rate of 1.8% of the NAV	20% of net appreciation in the NAV per share on the immediately preceding valuation date, above the previous highest NAV per share on any preceding valuation date in respect of which a performance fee was last paid multiplied by the number of shares in issue at the time of calculating the performance fee	248
Earnest Investments Holdings Limited (339)	HK\$30,000 per month	N/A	41

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Company name (Stock Code)	Management fee	Performance fee	NAV as at 31 January 2013 (Million HKD)
Grand Investment International Limited (1160)	HK\$288,000 per annum	N/A	52
Harmony Assets Limited (428)	1.5% per annum of the NAV of the company	10% of the audited net profit of the company in the financial year before the accrual of the incentive fee	265
Incutech Investments Limited (356)	HK\$600,000 per annum	N/A	22
Mastermind Capital Limited (905)	HK\$500,000 per annum	N/A	95
National Investments Fund Limited (1227)	HK\$100,000 per month	N/A	212
New Capital International Investment Limited (1062)	HK\$400,000 per annum	N/A	1,037
OP Financial Investments Limited (1140)	1.5% per annum on the NAV of the group at each preceding month end	10% of increase in NAV	1,346

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Company name (Stock Code)	Management fee	Performance fee	NAV as at 31 January 2013 (Million HKD)
Opes Asia Development Limited (810)	Management fee accruing monthly at the annual rate of 2% of the NAV on each valuation date and payable monthly in arrears	Performance fee calculated at the rate of 15% of any net appreciation (after the deduction of the management fee for the relevant period, but prior to the deduction of the performance fee) in the NAV of the company on the immediately preceding valuation date, above the previous NAV of the company on any preceding valuation date in respect of which a performance fee was last paid (or where no performance fee has been paid, the NAV of the company on any valuation date on 30th June or 31st December (as the case may be) whichever is immediately before the commencement of this Agreement). In any case, the maximum annual aggregate amount of the management fee and the performance fee shall not exceed HK\$4,000,000	101

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Company name (Stock Code)	Management fee	Performance fee	NAV as at 31 January 2013 (Million HKD)
Prosperity Investment Holdings Limited (310)	A fixed amount of HK\$300,000 per month (exclusive of disbursements) and that, in addition to such monthly fee	Greater China Capital Limited is also entitled to a discretionary bonus in such amount as the company may at its discretion determine provided that the audited consolidated NAV of the group as at the end of a financial year exceeds that in the previous financial year and the total management fee for such financial year is less than 1.9% of the audited consolidated NAV of the group. However, the aggregate amount of such discretionary bonus (if any) and the annual management fee shall not in any event exceed 1.9% of the audited consolidated NAV of the group as at the end of such financial year. In the event that the total management fee for a financial year exceeds 1.9% of the audited consolidated NAV of the group at the end of that financial year, there will be no discretionary bonus for Greater China Capital Limited for that financial year	292
Radford Capital Investment Holdings Limited (901)	HK\$100,000 per month	N/A	206

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Company name (Stock Code)	Management fee	Performance fee	NAV as at 31 January 2013 (Million HKD)
Shanghai International Shanghai Growth Investment Limited (770)	Payable quarterly in advance at 0.5% of the NAV (calculated before deductions of the fees payable to the investment manager, and the custodian for that quarter) of the company calculated on the last business day of the previous quarter	The investment manager is entitled to an incentive fee equal to 20% of the excess amount by which the NAV of the company as at 31st December 2012 exceeding 108% of the NAV of the company as at 31st December 2011	153
SHK Hong Kong Industries Limited (666)	0.375% of the gross NAV for each quarter, calculated as the arithmetical average of the published gross NAV on the last day of each calendar month during each relevant quarter, and payable quarterly in arrears by the company to the investment manager	20% of the amount by which the audited NAV of each year ended 31st December exceeds the high watermark as at the relevant financial year, and payable annually in arrears by the company to investment manager	1,303
Temujin International Investments Limited (204)	The annual investment manager's fee payable of HK\$720,000	N/A	30
Unity Investments Holdings Limited (913)	A flat rate of HK\$100,000 per month up to 31st December 2012	N/A	252
UBA Investments Limited (768)	1.5% annum of the NAV of UBA Group as at the immediately preceding valuation date on the basis of the actual number of days in the relevant calendar month over a year of 365 days	20% of the net profit of UBA Group before taxation and before deduction of the Management Fee	120

Source: The Stock Exchange website, the respective announcements, circulars and annual reports in relation to the Comparables

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We note among the Comparables that the management fee and performance fee charged by the investment managers are based on different criteria as the structures and levels of fees for investment managers are not standardized in the market. However, at which level and under whatever structure the investment fees are charged shall depend on whether the investors accept such terms or not, as a matter of fact, the investment management industry is in a reasonably competitive environment with competitors from a large number of licensed intermediaries operating under the supervision of the Securities and Futures Commission of Hong Kong.

We note that the investment strategy and objective of an investment company shall be a crucial factor and consideration on whether a certain performance fee can be charged. In this connection, we note from the Company that it aims to continue its business as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance (as compared to other objectives such as steady yield or capital protection), which is a common objective or strategy observed from most of the Comparables. Among them, China Assets (Holdings) Limited (170), China Financial International Investment Limited (721), China Financial Leasing Group Limited (2312), China Investment and Finance Group Limited (1226), China Merchants China Direct Investments Limited (133), China New Economy Fund Limited (80), Harmony Assets Limited (428), OP Financial Investment Limited (1140), Opes Asia Development Limited (810), Prosperity Investment Holdings Limited (310), Shanghai International Shanghai Growth Investment Limited (770) and SHK Hong Kong Industries Limited (666) have all disclosed in their annual reports that they are aiming to continue as a going concern while maximising return to stakeholders, as well as adopted a similar fee structure of a nominal management fee together with relatively high performance fee, ranging from 5% - 20% of the NAV appreciation or net profit. As a result, we believe that such mechanism is common for investment funds with similar positioning.

As for the investment management fees charged, whether variable upon NAV or by a fixed amount, we note from the Comparables that there is no significant relationship between the size of the company and charging basis they have agreed on.

In respect of the investment management fees charged based on NAV, the percentages range from 0.5% to 2%, the 1.5% of NAV per annum management fee paid by the Company is in line with the Comparables.

As for the performance fee, we note that the basis of determination of the Comparables varies, with calculations either based upon profit, appreciation of portfolio market value or increase in NAV. We concur with the Board that the basis of determination of the Performance Fee based on net profit before tax of the Company, is in line with the market practice in general. Although the rate of 20% would appear to be at the higher end of the above Comparables, it is nevertheless within the market range. Further, noted that the Company's investment strategy is to continue its business as a going concern while maximising return, we take the view that whether a certain performance fee is at the higher end is not as important as the overall performance of the investment manager in resulting a remarkable return for the Company on a stable and consistent basis. During the Review Period, we note that the Company's annual return of NAV is generally in line with the return of the HSI, with 2 years outperforming HSI. Plus that no Performance Fee will be paid if resulted loss, such incentive-based arrangement links the payment to the investment manager with the benefit of the Company, hence we consider the Performance Fee charged at the higher end of market range fair and reasonable.

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Based on the analyses above, we are of the view the Management Fee and the Performance Fee are in line with the packages of the Comparables as well as being fair and reasonable so far as the Company and the Independent Shareholders are concerned.

RECOMMENDATION

The Supplemental Agreements and the annual caps thereunder are subject to the Independent Shareholders approval. We are of the view that the entering into the Financial Assistance Supplemental Agreements, the Fourth Supplemental Investment Management Agreement and the continuing connected transactions are in the ordinary and usual course of business, on normal commercial terms and in the interests of the Company and the Shareholders as a whole and that the terms of the Financial Assistance Supplemental Agreements, the Fourth Supplemental Investment Management Agreement, the continuing connected transactions and the annual caps are fair and reasonable so far as the interests of the Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favor of the ordinary resolution to be proposed at the EGM to approve the terms of the Financial Assistance Supplemental Agreements, the Fourth Supplemental Investment Management Agreement, the continuing connected transactions and the annual caps.

Yours faithfully,
For and on behalf of
SinoPac Securities (Asia) Limited
Tony Tse
Director

1. RESPONSIBILITY STATEMENT

This circular, for which the directors of the issuer collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the issuer. The directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this document is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

2. DISCLOSURE OF INTERESTS

Directors' interests and short positions in the securities of the Company and its associated corporations

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 and its associated corporations (within the meaning of Part XV of the SFO) which had been 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 in which they are deemed or taken to have under such provisions of the SFO) or which were required pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules to be notified to the Company and the Stock Exchange were as follows:

Name of Shareholder	Nature of Interest	Number of Shares	Approximate percentage or attributable percentage of shareholding
Mr. Cheng Wai Lun, Andrew (<i>Note</i>)	Corporate/Long position	340,000,000	32.08%

Note: The shares are held by Fung Fai Growth Limited, an associated corporation (within the meaning of Part XV of the SFO) of the Company. Mr. Cheng Wai Lun, Andrew and their family members are one of the beneficiaries of the trust which assets include interests in the entire issued share capital of Fung Fai Growth Limited and accordingly, they are deemed to be interested in 340,000,000 shares and the entire issued share capital of Fung Fai Growth under SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executives of the Company and their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which had been notified to the Company and the Stock Exchange pursuant to the Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are deemed or taken to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules to be notified to the Company and the Stock Exchange.

Substantial shareholders' and other persons' interests and short position in shares and underlying shares

As at the Latest Practicable Date, the following persons or entities had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO or who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of Group:

Name of Shareholder	Nature of Interest	Number of Shares	Approximate percentage or attributable percentage of shareholding
Fung Fai (<i>Note 1</i>)	Beneficial Owner/Long Position	340,000,000	32.08%
Kingswell Holdings Group Limited (<i>Note 2</i>)	Beneficial Owner/Long Position	192,000,000	18.12%

Note 1: The shares are held by Fung Fai Growth Limited, an associated corporation (within the meaning of Part XV of the SFO) of the Company. Mr. Cheng Wai Lun, Andrew and their family members are one of the beneficiaries of the trust which assets include interests in the entire issued share capital of Fung Fai Growth Limited and accordingly, they are deemed to be interested in 340,000,000 shares and the entire issued share capital of Fung Fai Growth Limited under the SFO.

Note 2: The entire issued share capital of Kingswell Holdings Group Limited is owned by Mr. Janusz Mieczyslaw Stempnowski. Mr. Janusz Mieczyslaw Stempnowski does not hold any position or role in the UBA Group.

Save as disclosed above, so far as is known to the Directors, as at the Latest Practicable Date, no person had an interest or a short position in Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of the Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the nominal value of any class of the share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

3. DIRECTORS' SERVICE CONTRACTS

None of the Directors has any existing or proposed service contracts with the Company or any member of the Group which does not expire or is not determinable by the Group within one year without payment of compensation (other than statutory compensation) as at the Latest Practicable Date.

4. QUALIFICATION AND CONSENT OF EXPERT

The qualification of the expert who has provided its advice as contained in this circular is as follows:

Name	Qualification
SinoPac	A licensed corporation for Type 6 regulated activities under the SFO

As at the Latest Practicable Date, SinoPac is not interested in any Shares or shares in any member of the Group nor does it have any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any Shares or shares in any member of the Group.

SinoPac has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter dated 4th March 2013 for incorporation in this circular and reference to its name in the form and context in which they appear.

5. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors are aware of, none of themselves or their respective associates had any interests in a business which competes or may compete with the business of the Group or any other conflicts of interests with the Group.

6. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

7. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial position or trading position of the Group since 31st March 2012, being the date to which the latest published audited financial statements of the Group was made up.

8. MISCELLANEOUS

- (a) No contract or arrangement of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which any of the Directors had a material interest, whether directly or indirectly, subsisted at the Latest Practicable Date.
- (b) None of SinoPac and the Directors has any direct or indirect interests in any assets which had been acquired or disposed of by or leased to, or which are proposed to be acquired or disposed of by or leased to, the Company or any of its subsidiaries during the period since 31st March 2012, the date to which the latest published audited financial statements of the Group were made up, up to and including the Latest Practicable Date.

- (c) The registered office of the Company is at P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands and the head office and principal place of business of the Company in Hong Kong is at Flat B, 16th Floor, Wah Kit Commercial Centre, 302 Des Voeux Road Central, Hong Kong.
- (d) The principal share registrar in the Cayman Islands of the Company is Royal Bank of Canada Trust Company (Cayman) Limited of 4th Floor, Royal Bank House, 24 Shedden Road, George Town, Grand Cayman KY1-1110, Cayman Islands.
- (e) The branch share registrar of the Company in Hong Kong is Tricor Standard Limited at 26th Floor, Tesbury Centre 28 Queen's Road East, Wanchai, Hong Kong.
- (f) The company secretary of the Company is Mr. Leung Man Lai.
- (g) The English text of this circular and the proxy form shall prevail over the Chinese text.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the principal place of business of the Company at Flat B, 16th Floor, Wah Kit Commercial Centre, 302 Des Voeux Road Central, Hong Kong during normal business hours on any weekday other than public holidays, from the date of this circular up to and including 4th March 2013:

- (a) the memorandum and articles of association of the Company;
- (b) the First Investment Management Agreement and the First Supplemental Investment Management Agreement;
- (c) the Second Investment Management Agreement, the Second Supplemental Investment Management Agreement and the Third Supplemental Investment Management Agreement;
- (d) the agreements entered into between UBA, UBA Financial and Super Idea and UICL respectively dated 15th November 2002, 13th March 2003 and 22nd June 1999 respectively in relation to the Financial Assistance;
- (e) the agreements between UBA Gold and UGL dated 22nd February 2007, 2nd May 2008 and 11th February 2010 in relation to the Financial Assistance;
- (f) the securities brokerage agreements between USCL as service provided to UBA, UBA Financial and Super Idea respectively dated 12th July 2000, 18th July 2001 and 22nd June 1999 respectively;
- (g) the Supplemental Agreements;

- (h) the Securities Brokerage Supplemental Agreements dated 28th January 2013;
- (i) the letter from the Independent Board Committee, the text of which is set out on page 19 of this circular;
- (j) the written consent from the expert referred to in the paragraph headed “Qualification and consent of expert” in this appendix; and
- (k) the letter of advice from SinoPac to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 20 to 41 in this circular.

NOTICE OF EGM



UBA INVESTMENTS LIMITED

開明投資有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 768)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**Meeting**”) of UBA Investments Limited (the “**Company**”) will be held at 2nd Floor, Wah Kit Commercial Centre, 302 Des Voeux Road Central, Hong Kong, on 26th March 2013 at 3:00 p.m. for the purpose of considering and, if thought fit, passing the following resolution with or without amendments as ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT

- (a) the supplemental agreement dated 28th January 2013 entered into between UBA Financial and UICL in relation to the provision of securities margin financing service by UICL to UBA Financial (copy of which have been produced at the Meeting marked “A” and signed by the chairman of the Meeting for the purpose of identification) and the terms thereof and the transactions contemplated thereunder be and are hereby approved and confirmed;
- (b) the supplemental agreement dated 28th January 2013 entered into between Super Idea and UICL in relation to the provision of securities margin financing service by UICL to Super Idea (copy of which have been produced at the Meeting marked “B” and signed by the chairman of the Meeting for the purpose of identification) and the terms thereof and the transactions contemplated thereunder be and are hereby approved and confirmed;
- (c) the supplemental agreement dated 28th January 2013 entered into between UBA and UICL in relation to the provision of securities margin financing service by UICL to UBA (copy of which have been produced at the Meeting marked “C” and signed by the chairman of the Meeting for the purpose of identification) and the terms thereof and the transactions contemplated thereunder be and are hereby approved and confirmed;
- (d) the supplemental agreement dated 28th January 2013 entered into between UGL with UBA Gold in relation to the provision of precious metal margin financing services by UGL to UBA Gold (a copy of which has been produced at the Meeting marked “D” and signed by the chairman of the Meeting for the purpose of identification) and the terms thereof and the transactions contemplated thereunder be and are hereby approved and confirmed;

* For identification purpose only

NOTICE OF EGM

- (e) the Fourth Supplemental Management Agreement (as defined in the circular of the Company dated 4th March 2013 (the “**Circular**”)) dated 28th January 2013 entered into between the Upbest Group and the UBA Group in relation to the provision of investment management services by UAML to UBA (a copy of which has been produced at the Meeting marked “E” and signed by the chairman of the Meeting for the purpose of identification) and the terms thereof and the transactions contemplated thereunder be and are hereby approved and confirmed;
- (f) the annual caps for the Financial Assistance (as defined in Circular) for the financial years ending 31st March 2014, 31st March 2015 and 31st March 2016 be and are hereby approved;
- (g) the annual caps for the Management Fee and Performance Fee (as defined in Circular) for the financial years ending 31st March 2014, 31st March 2015 and 31st March 2016 be and are hereby approved; and
- (h) any one director of the Company be and is hereby authorised to do all such things and acts as he may in his discretion consider as necessary, expedient or desirable for the purpose of or in connection with the implementation of the Supplemental Agreements and the transactions contemplated thereunder, including but not limited to the execution all such documents under seal where applicable, as he considers necessary or expedient in his/her opinion to implement and/or give effect to the Continuing Connected Transactions and transactions contemplated thereunder.”

By order of the Board
UBA Investments Limited
CHAU Wai Hing, Jeff
Chairman and Executive Director

Hong Kong, 4th March 2013

Registered office:

P. O. Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

Head office and principal place of business

in Hong Kong:
Flat B, 16th Floor, Wah Kit Commercial Centre
302 Des Voeux Road Central
Hong Kong

Notes:

1. Any member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and, in the event of a poll, vote in his/her stead. A proxy needs not be a member of the Company.
2. A form of proxy for use at the meeting is enclosed. In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, at the principal place of business of the Company at Flat B, 16th Floor, Wah Kit Commercial Centre, 302 Des Voeux Road Central, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
3. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the above meeting or any adjournment thereof, should he so wish, and in such event, the form of proxy shall be deemed to be revoked.