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UPBEST GROUP LIMITED

美建集團有限公司*

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



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

On 25th January 2019, various members of the Upbest Group and the UBA Group entered into the 2019 Supplemental Agreements to extend the engagement of the Upbest Group to provide securities margin financing and initial public offer financing services, precious metals margin financing services and securities brokerage services to the UBA Group. Also, on 25th January 2019, UAML and UBA entered into the New Investment Management Agreement in relation to the assets management services provided by UAML and UBA.

The transactions contemplated under the 2019 Supplemental Agreements and the New Investment Management Agreement are considered as continuing connected transactions under the Listing Rules. Since the proposed annual cap of the Financial Assistance provided by Upbest Group to UBA Group is more than HK\$10 million for each of the three years ending 31st March 2022, according to Rule 14A.54 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.

As the investment manager of UBA, UAML is a connected person of UBA pursuant to Rule 14A.08 of the Listing Rules. As such, the transaction contemplated by the New Investment Management Agreement constitutes continuing connected transactions of UBA under Chapter 14A of the Listing Rules.

A circular for each of Upbest and UBA containing, amongst other things, a notice convening the Upbest EGM and UBA EGM respectively and further details relating to the transactions which require approvals by the Upbest Independent Shareholders and UBA Independent Shareholders and a letter from the respective independent financial adviser to advise the Upbest Independent Board Committee, UBA Independent Board Committee, Upbest Independent Shareholders and UBA Independent Shareholders on the transactions is expected to be despatched to Upbest Shareholders and UBA Shareholders in compliance with the Listing Rules on or before 20th February 2019.

I. BACKGROUND OF THE CONTINUING CONNECTED TRANSACTIONS

Reference is made to the joint announcement by Upbest and UBA dated 26th January 2016 and the circulars of each of Upbest and UBA dated 11th March 2016 and 2nd August 2016 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 2016 Joint Announcement and the abovementioned circulars, 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. The UBA Group has entered into contracts for securities dealing, futures contracts dealing, margin financing and precious metal margin financing pursuant to which the Upbest Group will provide Financial Assistance to the 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. 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 2016 Joint Announcement, on 26th January 2016, various members of the Upbest Group and the UBA Group entered into various supplemental agreements, the Precious Metal Financial Assistance Agreement and the Existing Investment Management Agreement in relation to the provision of securities margin financing and initial public offer financing services, precious metal margin financing services, asset management services and securities brokerage services by the Upbest Group to the UBA Group. The entering into of the 2016 Financial Assistance Supplemental Agreements, the Precious Metal Financial Assistance Agreement and the Existing Investment Management Agreement 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 the respective extraordinary general meeting of Upbest and UBA held on 30th March 2016 and 24th August 2016 respectively.

On 25th January 2019, various members of the Upbest Group and UBA Group entered into the following agreements:

(a) each of UBA, UBA Financial and Super Idea entered into the 2019 Financial Assistance Supplemental Agreements with UICL in relation to, among others, the extension of the term for provision of securities margin financing and initial public offer financing services by Upbest Group to UBA Group for a period commencing from 1st April 2019 to 31st March 2022;

(b) UGS and UBA Gold entered into the Precious Metal Supplemental Agreement in relation to the extension of the term for provision of precious metals margin financing services by UGS to UBA Gold for a period commencing from 1st April 2019 to 31st March 2022;

(c) UAML and UBA entered into the New Investment Management Agreement to continue the engagement of UAML for provision of assets management services for a period commencing from 1st April 2019 to 31st March 2022; and

(d) each of UBA, UBA Financial, Super Idea, Lucky Joy and Marine Assets entered into the 2019 Securities Brokerage Supplemental Agreements with USCL in relation to, among others, the extension of the term for provision of securities brokerage services by USCL to UBA Group for the period commencing from 1st April 2019 to 31st March 2022.

As at the date of this announcement, CCAA holds approximately 74.29% interest in Upbest. Fung Fai holds approximately 26.74% 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 14A.08 of the Listing Rules.

Further details of the CCT Agreements are set out below.

II. SUPPLEMENTAL AGREEMENTS IN RELATION TO SECURITIES MARGIN FINANCING AND INITIAL PUBLIC OFFER FINANCING SERVICES AND SUPPLEMENTAL AGREEMENT IN RELATION TO PRECIOUS METAL MARGIN FINANCING SERVICES

(a) Securities margin financing and initial public offer financing services

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 agreements dated 2nd May 2008 as disclosed in the announcement dated 2nd May 2008, the second supplemental agreements dated 11th February 2010 as disclosed in the announcement dated 11th February 2010, the third supplemental agreements dated 28th January 2013 as disclosed in the announcement dated 28th January 2013 and the fourth supplemental agreements dated 26th January 2016 as disclosed in the announcement dated 26th January 2016) in respect of the provision of securities margin financing services by UICL to the UBA Group at an interest rate of 4.25% above prime rate per annum.

On 25th January 2019, each of UBA, UBA Financial and Super Idea had separately entered into the 2019 Financial Assistance Supplemental Agreements with UICL in relation to the provision of securities margin financing services by UICL to UBA Group. According to the 2019 Financial Assistance Supplemental Agreements, (i) 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 2019 to 31st March 2022 and is subject to renewal by written supplemental agreements between the contract parties and (ii) UICL and UBA agreed that, subject to notice being given to UICL, UBA may assign all or part of its rights or benefits under the agreement entered into between UBA and UICL dated 15th November 2002 (including any supplemental agreement) to any of its wholly owned subsidiaries.

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*

As disclosed in the 2016 Joint Announcement, Upbest Group has provided precious metal dealing service to UBA Group since 2007; and on 26th January 2016, UGS had entered into the Precious Metal Financial Assistance Agreement with UBA Gold in relation to the provision of precious metal margin financing service by UGS to UBA Gold. According to the Precious Metal Financial Assistance Agreement, UGS and UBA Gold agreed that the term for the Precious Metal Financial Assistance Agreement shall be for a period commencing from 1st April 2016 to 31st March 2019 and is subject to renewal by written supplemental agreement between the contract parties.

The Precious Metal Financial Assistance Agreement provided that the interest rate for the precious metal margin financing service will be from the range of 0.25% to 0.5% per annum above the borrowing costs for call position. In respect of put position, the interest rate would be 0.25% to 0.5% per annum on top of the borrowing cost of UGS (if any) provided that if UGS would receive any interest from its supplier(s), UBA Gold may set off such charge against the interest received by UGS from its supplier(s). For the avoidance of doubt, any remaining interest received by UGS from its supplier(s) after such set-off in respect of such put position will be paid to UBA Gold.

On 25th January 2019, UGS had entered into the Precious Metal Supplemental Agreement with UBA Gold in relation to the provision of precious metal margin financing service by UGS to UBA Gold. According to the Precious Metal Supplemental Agreement, UGS and UBA Gold agreed that the term for the Precious Metal Financial Assistance Agreement will be extended for a period commencing from 1st April 2019 to 31st March 2022 and is subject to renewal by written supplemental agreement between the contract parties. Save as disclosed above, the Precious Metal Financial Assistance Agreement 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) initial public offer financing service and (iii) precious metal margin financing service pursuant to the relevant agreements for securities margin financing service, initial public offer financing service and precious metal margin financing service.

The maximum amounts of securities margin loans advanced by Upbest Group to UBA Group during each of the three years ended 31st March 2018 and the nine months ended 31st December 2018 are shown below:

		During the Financial Year ended 31 st March 2016 (HK\$)	During the Financial Year ended 31 st March 2017 (HK\$)	During the Financial Year ended 31 st March 2018 (HK\$)	During the nine months ended 31 st December 2018 (HK\$)
Securities margin loans					
Maximum amounts (approximately)		22,545,977	18,783,684	8,353,358	4,207,998

The amounts of securities margin loans advanced by Upbest Group to UBA Group as at 31st March 2016, 31st March 2017, 31st March 2018 and 31st December 2018 are shown below:

	As at 31 st March 2016 (HK\$)	As at 31 st March 2017 (HK\$)	As at 31 st March 2018 (HK\$)	As at 31 st December 2018 (HK\$)
Securities margin loans (approximately)	Nil	Nil	Nil	Nil

The amounts of initial public offer financing advanced by Upbest Group to UBA Group during each of the three years ended 31st March 2018 and the nine months ended 31st December 2018 are shown below:

	During the Financial Year ended 31 st March 2016 (HK\$)	During the Financial Year ended 31 st March 2017 (HK\$)	During the Financial Year ended 31 st March 2018 (HK\$)	During the nine months ended 31 st December 2018 (HK\$)
Initial public offer financing Maximum amounts (approximately)	Nil	Nil	Nil	Nil

The amounts of precious metal margin loans advanced by Upbest Group to UBA Group during each of the three years ended 31st March 2018 and the nine months ended 31st December 2018 are shown below:

	During the Financial Year ended 31 st March 2016 (HK\$)	During the Financial Year ended 31 st March 2017 (HK\$)	During the Financial Year ended 31 st March 2018 (HK\$)	During the nine months ended 31 st December 2018 (HK\$)
Precious metal margin loans Maximum amounts (approximately)	Nil	Nil	Nil	Nil

CAP AMOUNT FOR FINANCIAL ASSISTANCE

The Upbest Board and UBA Board respectively proposed that the annual cap for the Financial Assistance for each of the three Financial Years ending 31st March 2022 should be set at HK\$64,000,000. The above annual cap was determined by reference to (i) the historical figures of the Financial Assistance and expectation on the higher usage of financial assistance as UBA Board would like to maintain sufficient cashflow for more unlisted equity investments in the coming years and (ii) the number of initial public offers in Hong Kong in 2019 anticipated by certain international accounting firms.

III. THE NEW INVESTMENT MANAGEMENT AGREEMENT

As disclosed in the 2016 Joint Announcement, Upbest Group has been providing assets management services to UBA since December 2000 and on 26th January 2016, UAML and UBA entered into the Existing Investment Management Agreement pursuant to which UAML provided assets management services to UBA for a period commencing from 1st April 2016 to 31st March 2019.

As consideration for UAML's provisions of assets management services to UBA pursuant to the Existing Investment Management Agreement, UAML is entitled to (i) 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 and (ii) 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 Existing Investment Management Agreement. As disclosed in the 2016 Joint Announcement, the terms in respect of the Management Fee and the Performance Fee for the other relevant previous agreements in respect of the assets management services were the same as the Existing Investment Management Agreement.

On 25th January 2019, UAML and UBA entered into the New Investment Management Agreement pursuant to which UAML provided assets management services to UBA for a period commencing from 1st April 2019 to 31st March 2022. For the avoidance of doubt, the Existing Investment Management Agreement will remain in full force and effect until and upon the New Investment Management Agreement becoming effective.

As consideration for UAML's provisions of assets management services to UBA pursuant to the New Investment Management Agreement, UAML is entitled to the Management Fee and the Performance Fee.

Management Fee

The monthly Management Fee is payable by UBA in advance and amounts to 1.5 per cent per annum of the Net Asset Value 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

In addition to the Management Fee, provided that the Net Asset Value (as Adjusted, as defined below) as at the end of the relevant Financial Year exceeds the higher (the "**High Watermark**") of:

- (a) the Net Asset Value as at the end of the Reference Year; and
- (b) the Net Asset Value as at the end of the most recent Financial Year after the Reference Year and in which the Performance Fee was paid,

UBA will pay UAML the Performance Fee for the relevant Financial Year in Hong Kong dollars equal to 20% of the amount by which the Net Asset Value as at the end of the relevant Financial Year exceeds the High Watermark.

Such Performance Fee shall be payable by UBA as soon as practicable after the publication of the audited financial results of UBA for the relevant Financial Year on the websites of the UBA and the Stock Exchange, and in any event not later than 180 calendar days after the publication of the same.

For the purpose of calculating the Performance Fee, the Net Asset Value and, where applicable, the High Watermark shall be adjusted (“**Adjusted**”) in a fair and reasonable manner as UBA and UAML shall agree so as to:

- (a) take account of any adjustments to the share capital of UBA during any relevant Financial Year;
- (b) take account of any buy-back or redemption of the shares of UBA during any relevant Financial Year; and
- (c) take no account of (that is, include in the calculation of the Net Asset Value as if such distributions or fees had never been made or paid) any distributions or dividends made by UBA or any fees paid to UAML pursuant to the New Investment Management Agreement during any relevant Financial Year(s).

In the unlikely event that the aggregate amount (the “**Aggregate Amount**”) of the Management Fee and Performance Fee payable by UBA to UAML for any Financial Year under the New Investment Management Agreement is greater than the relevant annual cap (the “**Annual Cap**”) to be approved by UBA and Upbest, UBA and UAML shall negotiate in good faith and comply with the relevant Listing Rules and may enter into relevant supplemental agreement to waive the relevant excess amount and/or revise the relevant Annual Cap.

HISTORICAL DATA

Upbest Group had previously provided assets management services to UBA Group. The amounts of the Management Fee and Performance Fee paid by UBA to UAML for each of the four years ended 31st March 2018 and the nine months ended 31st December 2018 are shown below:

	For the Financial Year ended 31 st March 2015 (HK\$)	For the Financial Year ended 31 st March 2016 (HK\$)	For the Financial Year ended 31 st March 2017 (HK\$)	For the Financial Year ended 31 st March 2018 (HK\$)	For the nine months ended 31 st December 2018 (HK\$)
Management Fee	2,123,428	2,726,639	2,468,432	2,446,124	1,670,112
Performance Fee	8,776,572	Nil	1,824,325	Nil	Nil
Total	10,900,000	2,726,639	4,292,757	2,446,124	1,670,112

CAP AMOUNT FOR MANAGEMENT FEE AND PERFORMANCE FEE

The Upbest Board and UBA Board respectively proposed that the annual cap for the Management Fee and Performance Fee under the New Investment Management Agreement for each of the Financial Year up to 31st March 2022 as follows:

	For the Financial Year ending 31st March 2020 (HK\$)	For the Financial Year ending 31st March 2021 (HK\$)	For the Financial Year ending 31st March 2022 (HK\$)
Management Fee	2,800,000	3,100,000	3,400,000
Performance Fee	<u>5,800,000</u>	<u>6,000,000</u>	<u>6,200,000</u>
Total (approximately)	8,600,000	9,100,000	9,600,000

The proposed annual caps for Management Fee and Performance Fee are determined by reference to:

(i) an annualized Management Fee based on the unaudited interim results for the six months ended 30th September 2018 and unaudited management accounts for the nine months ended 31st December 2018 of the UBA Group, with an estimated annual growth rate of 10%;

(ii) the annual caps of the Performance Fee calculated by the respective average of the estimated Performance Fee of the relevant Financial Year based on the net asset value of the UBA Group with an estimated annual growth rate of 10% and the highest Performance Fee in the recent five Financial Years (i.e. HK\$8,776,572); and

(iii) the fluctuations in the stock market, the global economy and the UBA's performance in the past five years,

which both the Upbest Board and UBA Broad consider to be reasonable.

In the ordinary and usual course of business, UAML provides assets management services to UBA on normal commercial terms. It is expected that the Management Fee and Performance Fee will be less than HK\$10,000,000 per annum and all the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the New Investment Management Agreement are less than 25%. Thus, the transaction contemplated under the New Investment Management Agreement is considered to be a de minimis transaction for both UBA and Upbest pursuant to Rule 14A.76 of the Listing Rule, and is exempt from the circular and shareholders' approval requirements.

IV. 2019 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	12 th July 2000
USCL	UBA Financial	18 th July 2001
USCL	Super Idea	22 nd June 1999
USCL	Lucky Joy	3 rd November 2016
USCL	Marine Assets	24 th November 2016

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 to extend the period to 31st March 2010, second supplemental agreement dated 11th February 2010 to extend the period to 31st March 2013, third supplemental agreement dated 28th January 2013 to extend the period to 31st March 2016 and fourth supplemental agreement dated 26th January 2016 to extend the period to 31st March 2019 for the securities brokerage services provided by USCL to UBA Group.

Each of Lucky Joy and Marine Assets had entered into supplemental agreement with USCL dated 3rd November 2016 and 24th November 2016 respectively to extend the period to 31st March 2017, the second supplemental agreement dated 31st March 2017 to extend the period to 31st March 2018, and the third supplemental agreement dated 31st March 2018 to extend the period to 31st March 2019, for the securities brokerage services provided by USCL to UBA Group.

On 25th January 2019, each of UBA, UBA Financial, Super Idea, Lucky Joy and Marine Assets had entered into the 2019 Securities Brokerage Supplemental Agreements with USCL in relation to the securities brokerage services provided by USCL to UBA Group. According to the 2019 Securities Brokerage Supplemental Agreements, (i) USCL and each of the UBA, UBA Financial, Super Idea, Lucky Joy and Marine Assets agreed that the original agreements will be further extended from the period of 1st April 2019 to 31st March 2022 and is subject to renewal by written supplemental agreement between the contract parties and (ii) UBA and USCL agreed that, subject to notice being given to USCL, UBA may assign all or part of its rights or benefits under the agreement entered into between UBA and USCL dated 12th July 2000 (including any supplemental agreement) to any of its wholly owned subsidiaries.

Save as disclosed above, the original agreements regarding the securities brokerage services shall in all respects remain and continue in full force and effect.

CAP AMOUNT FOR SECURITIES BROKERAGE COMMISSION

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. It is expected that the annual brokerage commission in respect of the 2019 Securities Brokerage Supplemental Agreements will be less than HK\$3,000,000 per annum and all the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) are less than 5%. Thus, transaction contemplated under the 2019 Securities Brokerage Supplemental Agreements is considered to be a de minimis transaction for both UBA and Upbest pursuant to Rule 14A.76 of the Listing Rules.

V. INFORMATION OF UPBEST AND UBA

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, assets management, and precious metal trading and property investment. Each of UAML, USCL, UICL and UGS is a wholly owned subsidiary of Upbest.

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

VI. REASONS FOR THE 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 the securities brokerage services since the commencement of business of UBA Group and 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 2019 Financial Assistance Supplemental Agreements, the Precious Metal Supplemental Agreement, the New Investment Management Agreement and the 2019 Securities Brokerage Supplemental 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 assets management services and securities brokerage services for 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 CCT 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.

VII. CONTINUING CONNECTED TRANSACTIONS

For the reasons stated above, the transactions contemplated under the 2019 Supplemental Agreements and the New Investment Management Agreement are considered as continuing connected transactions under the Listing Rules.

Save for Mr. Cheng and Ms. Cheng, no other directors of Upbest has material interest in the CCT Agreements and the transactions contemplated thereunder. Mr. CHAN Chung Yee, Alan, an independent non-executive director of both Upbest and UBA, is considered to have a conflict of interest in the CCT Agreements and the transactions contemplated thereunder for his dual role. Mr. Cheng, Ms. Cheng and Mr. CHAN Chung Yee, Alan have abstained from voting on the Upbest Board resolutions approving the CCT Agreements and the transactions contemplated thereunder.

Save for Mr. Cheng, no other directors of UBA has material interest in the CCT Agreements and the transactions contemplated thereunder. Mr. CHAN Chung Yee, Alan, an independent non-executive director of both Upbest and UBA, is considered to have a conflict of interest in the CCT Agreements and the transactions contemplated thereunder for his dual role. Mr. Cheng and Mr. CHAN Chung Yee, Alan have abstained from voting on the UBA Board resolutions approving the CCT Agreements and the transactions contemplated thereunder.

Pursuant to Rule 14A.76 of the Listing Rules, the New Investment Management Agreement and the 2019 Securities Brokerage Supplemental Agreements are de minimis transactions and are not subject to the approval of the Upbest Independent Shareholders and the UBA Independent Shareholders respectively.

Since the proposed annual cap of the Financial Assistance provided by Upbest Group to UBA Group is more than HK\$10 million for each of the three years ending 31st March 2022, according to Rule 14A.54 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. **CCAA and its associates will abstain from voting in Upbest EGM to be convened for the approval of, inter alia, the transactions. Fung Fai and its associates will abstain from voting in the UBA EGM to be convened for the approval of, inter alia, the transactions.**

Upbest Independent Board Committee, which comprising two independent non-executive directors of Upbest having no material interest in these transactions, namely Mr. POON Kai Tik and Mr. HUI Man Ho, Ivan, has been formed to advise the Upbest Independent Shareholders in relation to Financial Assistance. UBA Independent Board Committee comprising two independent non-executive directors of UBA having no material interest in these 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. Mr. CHAN Chung Yee, Alan, an independent non-executive director of both Upbest and UBA, is considered to have a conflict of interest in these transactions for his dual role and therefore is not appointed a member of the Upbest Independent Board Committee and UBA Independent Board Committee and is also required to be abstained from voting at the Upbest EGM and the UBA EGM respectively.

Each of Upbest and UBA will convene the Upbest EGM and the UBA EGM respectively for the approval of the relevant transactions. Each of Upbest and UBA will appoint an independent financial adviser to advise their independent board committee respectively on the terms of the relevant agreements and the relevant cap amounts in respect of the continuing connected transactions which require approval from Upbest Independent Shareholders and UBA Independent Shareholders respectively. As at the date of this announcement, Central China International Capital Limited has been appointed as the UBA Independent Financial Advisor.

A circular for each of Upbest and UBA containing, amongst other things, a notice convening the Upbest EGM and UBA EGM respectively and further details relating to the transactions which require approvals by the Upbest Independent Shareholders and UBA Independent Shareholders and a letter from the respective independent financial adviser to advise the Upbest Independent Board Committee, UBA Independent Board Committee, Upbest Independent Shareholders and UBA Independent Shareholders on the transactions is expected to be despatched to Upbest Shareholders and UBA Shareholders in compliance with the Listing Rules on or before 20 February 2019.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meaning:

“2016 Financial Assistance Supplemental Agreements”	the supplemental agreements entered into between each of UBA, UBA Financial and Super Idea with UICL dated 26 th January 2016 in relation to the provision of securities margin financing and initial public offer financing by Upbest Group to UBA Group
“2016 Joint Announcement”	the joint announcement by Upbest and UBA dated 26 th January 2016
“2019 Financial Assistance Supplemental Agreements”	the supplemental agreements entered into between each of UBA, UBA Financial and Super Idea with UICL dated 25 th January 2019 in relation to the provision of securities margin financing and initial public offer financing by Upbest Group to UBA Group
“2019 Securities Brokerage Supplemental Agreements”	the supplemental agreements entered into by each of UBA, UBA Financial, Super Idea, Lucky Joy and Marine Assets with USCL dated 25 th January 2019 in relation to the securities brokerage services provided by USCL to UBA Group
“2019 Supplemental Agreements”	collectively the 2019 Financial Assistance Supplemental Agreements, the Precious Metal Supplemental Agreement and the 2019 Securities Brokerage Supplemental Agreements

“Articles”	at any time the memorandum and articles of association of UBA in force at that time
“associate”	has the meaning ascribed to it in the Listing Rules
“CCAA”	CCAA Group Limited, an investment holding company, holds approximately 74.29% interest in Upbest as at the date of this announcement
“CCT Agreements”	collectively the 2019 Financial Assistance Supplemental Agreements, the Precious Metal Supplemental Agreement, the New Investment Management Agreement and the 2019 Securities Brokerage Supplemental Agreements
“Cheng’s Family Trust”	a trust of which the discretionary objects are family members of Ms. Cheng and Mr. Cheng
“Existing Investment Management Agreement”	the investment management agreement entered into between UAML and UBA dated 26 th January 2016 in relation to the provision of assets management services by UAML
“Financial Assistance”	the loan advanced of securities margin financing and initial public offer financing and precious metal margin financing, as disclosed in the section headed “II. Supplemental agreements in relation to securities margin financing and initial public offer financing services and supplemental agreement in relation to precious metal margin financing services” of this announcement
“Financial Year”	financial year of Upbest and UBA, both being the twelve (12) months from 1 st April to 31 st March in the next year
“Fung Fai”	Fung Fai Growth Limited, an investment holding company, holds approximately 26.74% interest of UBA as at the date of this announcement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Lucky Joy”	Lucky Joy Investments Limited, a company incorporated in British Virgin Islands with limited liability, is a wholly owned subsidiary of UBA

“Investment Management Agreements”	collectively, the Existing Investment Management Agreement, the New Investment Management Agreement and the previous agreements entered into between the Upbest Group and the UBA Group in relation to the provision of assets management services by the Upbest Group to the UBA Group
“Management Fee”	the management fee payable by UBA to UAML under the Investment Management Agreements from time to time
“Marine Assets”	Marine Assets Holding Limited, a company incorporated in British Virgin Islands with limited liability, is a wholly owned subsidiary of UBA
“Mr. Cheng”	Mr. CHENG Wai Lun, Andrew
“Ms. Cheng”	Ms. CHENG Wai Ling, Annie
“Net Asset Value”	the net asset value of UBA calculated in accordance with the provisions of the Articles and where applicable, as adjusted in accordance with the terms of the New Investment Management Agreement
“New Investment Management Agreement”	the investment management agreement entered into between UAML and UBA dated 25 th January 2019 in relation to the provision of assets management services by UAML
“Performance Fee”	the performance fee payable by UBA to UAML under the Investment Management Agreements from time to time
“Precious Metal Financial Assistance Agreement”	the agreement entered into between UGS and UBA Gold dated 26 th January 2016 in relation to the provision of precious metal margin financing by UGS to UBA Gold
“Precious Metal Supplemental Agreement”	the supplemental agreement entered into between UGS and UBA dated 25 th January 2019 in relation to the provision of precious metal margin financing by UGS to UBA Gold
“Reference Year”	the Financial Year ending 31 st March 2019
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)

“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
“UAML”	Upbest Assets Management Limited, a company incorporated in Hong Kong with limited liability, is registered under the SFO 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”	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
“UBA Board”	the board of directors, including the independent non-executive directors, of UBA
“UBA EGM”	the extraordinary general meeting of UBA to be convened and held to consider the continuing connected transactions, details of which are set out in this announcement
“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
“UBA 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”	UBA Shareholders other than Fung Fai together with its respective associates
“UBA Shareholders”	Shareholders of UBA

“UGS”	Upbest Gold and Silver Trading 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 and Silver Trading Limited is a wholly owned subsidiary of Upbest
“UICL”	Upbest Investment Company Limited, a company incorporated in Hong Kong with limited liability, is registered under the SFO 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 SFO 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, details of which are set out in this announcement
“Upbest Group”	Upbest and its subsidiaries
“Upbest Independent Board Committee”	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
“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

By order of the Board
Upbest Group Limited
Ip Man Tin, David
Chairman and Non-executive Director

By order of the Board
UBA Investments Limited
WONG Yun Kuen
Chairman and Executive Director

Hong Kong, 25th January 2019

** For identification purpose only*

As at the date of this announcement, Upbest Board consists of IP Man Tin, David as chairman and non-executive director, Dr. SZE Ping Fat as non-executive director, Ms. CHENG Wai Ling, Annie, Mr. CHENG Wai Lun, Andrew and Mr. MOK Kwai Hang as executive directors and Mr. CHAN Chung Yee, Alan, Mr. POON Kai Tik and Mr. HUI Man Ho, Ivan as independent non-executive directors.

As at the date of this announcement, UBA Board consists of Dr. WONG Yun Kuen as chairman and executive director and Mr. CHENG Wai Lun, Andrew as executive director; Mr. CHAN Chung Yee, Alan, Dr. FUNG Lewis Hung and Mr. TANG Hon Bui, Ronald as independent non-executive directors.