
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 Cayman Islands with limited liability)*

(Stock code: 768)

CONTINUING CONNECTED TRANSACTIONS

**Independent financial adviser to the Independent Board Committee
and Independent Shareholders**

**中州國際融資有限公司****CENTRAL CHINA INTERNATIONAL CAPITAL LIMITED**

A letter from the Independent Board Committee is set out on pages 23 to 24 of this circular. A letter from Central China International Capital Limited, the independent financial adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 25 to 40 of this circular.

A notice convening the EGM of the Company to be held at 16th Floor, Wah Kit Commercial Centre, 300 Des Voeux Road Central, Hong Kong on Tuesday, 26th March 2019 at 4:00 p.m. is set out on pages 46 to 47 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, 300 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 EGM 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.

* *For identification purpose only*

28th February 2019

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DEFINITIONS

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

“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 the Company 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 Latest Practicable Date
“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
“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 CCT Agreements
“Cheng’s Family Trust”	a trust of which the discretionary objects are family members of Ms. Cheng and Mr. Cheng

DEFINITIONS

“Director(s)”	the director(s) of the Company
“EGM” or “UBA EGM”	the extraordinary general meeting of the Company to be convened and held to consider the relevant Continuing Connected Transactions, details of which are set out in this circular
“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, initial public offer financing and precious metal margin financing as disclosed under the section “III. 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 the letter from the Board in this section
“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 Latest Practicable Date
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Latest Practicable Date”	25 th February 2019, 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
“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

DEFINITIONS

“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 Board”	the board of directors, including the independent non-executive directors, of UBA

DEFINITIONS

“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” 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 Financial Adviser” or “Independent Financial Adviser”	Central China International Capital Limited, the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders
“UBA Independent Shareholders” or “Independent Shareholders”	UBA Shareholders other than Fung Fai together with its respective associates
“UBA Shareholders” or “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 services. 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

DEFINITIONS

“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 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 Financial Adviser”	Alliance Capital Partners Limited, the independent financial adviser to advise the Upbest Independent Board Committee and the Upbest Independent Shareholders
“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 Cayman Islands with limited liability)

(Stock code: 768)

Executive Directors:

Dr. Wong Yun Kuen

Mr. Cheng Wai Lun, Andrew

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

300 Des Voeux Road Central

Hong Kong

28th February 2019

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 25th January 2019 in relation to, among others, 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 on 25th January 2019 by various members of the Upbest Group and the UBA Group.

The transactions contemplated under the 2019 Financial Assistance Supplemental Agreements, the Precious Metal Supplemental Agreement, the New Investment Management Agreement and the 2019 Securities Brokerage Supplemental Agreements constitute 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

* For identification purpose only

LETTER FROM THE BOARD

Rule 14A.54 of the Listing Rules, such transactions are subject to the approval by the Upbest Independent Shareholders and UBA Independent Shareholders at the Upbest EGM and the UBA EGM respectively.

The purpose of this circular is to (1) provide the Shareholders with information on the CCT Agreements and their respective annual caps for the three Financial Years ending 31st March 2020, 2021 and 2022 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 relevant Continuing Connected Transactions; (3) set out the advice letter from the Independent Financial Adviser which contains its recommendation to the Independent Board Committee and the Independent Shareholders on the terms and conditions of the relevant 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 announcement by the Company and Upbest dated 26th January 2016 and the circulars of each of Upbest and the Company 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, assets 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 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.

LETTER FROM THE BOARD

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, to 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 Latest Practicable Date, 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.

III. 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.

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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 and initial public offer 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.

The payment term of securities margin financing services shall be as follows:

- Payment term : Payment on demand
- Collateral term : Pledge of any acceptable security interest by way of security for loans or advances
- Interest rate : 4.25% above prime rate per annum, calculated on daily balances charged on a monthly basis. Such interest rate was determined with reference to (i) the terms and conditions offered by UICL to other majority of independent customers of UICL and (ii) the terms and conditions offered by other independent service providers to the UBA Group in the market.

The payment term of initial public offer financing services shall be as follows:

- Payment terms : Payment on demand
- Collateral term : Pledge of any acceptable security interest by way of security for loans or advances
- Interest rate : 0.20% to 1.50% above the borrowing costs per annum, calculated on daily balances charged on a monthly basis. Such interest rate was determined with reference to (i) the terms and conditions offered by UICL to other majority of independent customers of UICL and (ii) the terms and conditions offered by other independent service providers to the UBA Group in the market.

LETTER FROM THE BOARD

(b) Precious metal margin financing services

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 services 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 services 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 services 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.

The payment term of precious metal margin financing services shall be as follows:

Payment term : Payment on demand

Collateral term : Cash deposits of initial margin and maintenance margin

Interest rate : 0.25% to 0.50% per annum above the borrowing costs for call position. In respect of put position, the interest rate would be 0.25% to 0.50% per annum on top of the borrowing cost of UGS (if any). UBA Gold may off-set such financing fee with the interest received by UGS from its supplier(s), and any net positive interest as a result of such off-set will be paid to UBA Gold. Such interest rate was determined with reference to interest rates offered by other precious metal trading houses in the market and is the same as that being offered to other majority independent customers of UGS.

LETTER FROM THE BOARD

HISTORICAL DATA

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

The maximum amounts at a particular point of time of securities margin loans being 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 maximum amounts at a particular point of time of initial public offer financing being 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

LETTER FROM THE BOARD

The maximum amounts at a particular point of time of precious metal margin loans being 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 historical annual caps for the Financial Assistance for each of the three years ending 31st March 2019 were set at HK\$60,000,000.

The UBA Board proposed that the annual cap (i.e. the maximum amounts at a particular point of time of the loans being advanced) 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, among others, the historical figures of the Financial Assistance and the assumption of UBA subscribing two initial public offerings at the same time subject to the limit of having the value of the investments not exceeding 20% of the net asset value of UBA as required under Chapter 21 of the Listing Rules. Based on the net asset value of UBA for the recent three Financial Years, 20% of such average net asset value of UBA shall be approximately HK\$32,000,000 and thus subscribing two initial public offerings at the same time shall amount to approximately HK\$64,000,000.

While the maximum amount of margin loans advanced by Upbest Group to UBA Group during the three years ended 31st March 2018 was approximately HK\$22.5 million, UBA Board expects higher usage of Financial Assistance as UBA Board would like to maintain sufficient cashflow for more unlisted equity investments in the coming three years. Taking into account the number and the fund raising amount of initial public offerings in Hong Kong in 2019 anticipated by certain international accounting firms, the UBA Board expects that margin financing will be used for initial public offer financing and considers it important to maintain higher annual caps in order to capitalise on these investment opportunities in the future. Moreover, having considered that UBA Group may place more emphasis on one type of transaction under the Financial Assistance than the others depending on the market trend, the Board considers that it would be more beneficial for the Company not to allocate a specific cap for each type of the transactions under the Financial Assistance so as to allow more flexibility for UBA Group to capitalise on the investment opportunities. Based on the foregoing, the Board considers that the basis for determining the annual caps for the Financial Assistance for each of the three years ending 31st March 2022 is fair and reasonable.

LETTER FROM THE BOARD

Internal Control Procedures

In order to ensure that the interest rates offered under each of the 2019 Financial Assistance Supplemental Agreements and the Precious Metal Supplemental Agreement are fair and reasonable, on normal commercial terms and are no less favourable than those offered by independent third parties, the financial controller of the Company will gather and compare the interest rates for each of the securities margin financing, initial public offering financing and precious metal margin financing offered by Upbest Group to UBA Group against those offered by at least two independent service providers on a regular half-year basis so as to determine if the interest rates offered by Upbest Group are on normal commercial terms and on terms which are no less favourable to UBA Group than those offered by other independent service providers. The financial controller of the Company will then summarise the relevant findings and report to the management immediately in case of any irregularity.

Also, the financial controller of the Company will review the transaction amounts under the relevant continuing connected transactions on a monthly basis so as to ensure that the annual cap for the Financial Assistance having been approved by the Independent Shareholders will not be exceeded.

Furthermore, the independent non-executive Directors and the auditors of the Company will conduct annual review of the relevant continuing connected transactions to confirm, among others, that such transactions are carried out in accordance with the terms of the relevant agreements governing the transactions and in accordance with Rule 14A.55 and Rule 14A.56 of the Listing Rules.

For the avoidance of doubt, UBA is not obligated to use the services provided by the Upbest Group under each of the 2019 Financial Assistance Supplemental Agreements and Precious Metal Supplemental Agreement and UBA can engage other service provider(s) in the event that the other service provider(s) would provide better services and terms.

Based on the above, the Directors consider that the Company has adopted sufficient internal control measures to ensure that the interest rates offered under each of the 2019 Financial Assistance Supplemental Agreements and the Precious Metal Supplemental Agreement are fair and reasonable, on normal commercial terms and are no less favourable than those offered by independent third parties for each of the transactions under the Financial Assistance.

IV. 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

LETTER FROM THE BOARD

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.

LETTER FROM THE BOARD

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, the Company 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	<u>8,776,572</u>	<u>Nil</u>	<u>1,824,325</u>	<u>Nil</u>	<u>Nil</u>
Total	<u><u>10,900,000</u></u>	<u><u>2,726,639</u></u>	<u><u>4,292,757</u></u>	<u><u>2,446,124</u></u>	<u><u>1,670,112</u></u>

CAP AMOUNT FOR MANAGEMENT FEE AND PERFORMANCE FEE

The historical annual caps for the Management Fee and Performance Fee under the Existing Investment Management Agreement for each of the three years ending 31st March 2019 were set at HK\$10,000,000, HK\$11,600,000 and HK\$13,300,000 respectively.

LETTER FROM THE BOARD

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 31 st March 2020 (HK\$)	For the Financial Year ending 31 st March 2021 (HK\$)	For the Financial Year ending 31 st March 2022 (HK\$)
Management Fee	2,800,000	3,100,000	3,400,000
Performance Fee	5,800,000	6,000,000	6,200,000
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 under the New Investment Management Agreement 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 Company's performance in the past five years,

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

The Management Fee and Performance Fee under the New Investment Management Agreement were determined with reference to (i) the historical Management Fee at 1.5% per annum of the relevant Net Asset Value and (ii) other similar fee arrangement of the other investment companies in the market listed under Chapter 21 of the Listing Rules.

The Board noted that a high watermark provision is included in a number of assets management agreements entered into between some other issuers listed under Chapter 21 of the Listing Rules with their respective investment managers. The Board considers that the High Watermark in the New Investment Management Agreement will remain as the Net Asset Value as at 31st March 2019 or will become a higher amount, it therefore ensures that the Company will not have to pay any Performance Fee to Upbest Group if the performance of Upbest Group for a relevant Financial Year does not meet the benchmark of the High Watermark. In the case that the Net Asset Value after the first year (i.e. the year ending 31st March 2020) exceeds that of the Reference Year, Upbest Group has to perform better for

LETTER FROM THE BOARD

getting the Net Asset Value above the High Watermark before it could receive Performance Fee in the following two Financial Years. As such, the Board considers the change in calculation of the Performance Fee to the High Watermark provision is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Taking into account that the global economy and stock market had been fluctuating in the recent five Financial Years, the Company expects that the market fluctuation will remain for the coming three years. In order to provide incentive for Upbest Group to perform better for the benefit of the Company under the new High Watermark provision, the highest Performance Fee in the recent five Financial Years was taken into consideration for setting annual caps of the Performance Fee for the coming three years.

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 for each of the three years ending 31st March 2022 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 the Company pursuant to Rule 14A.76 of the Listing Rule, and is exempt from the circular and shareholders' approval requirements.

V. 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.

LETTER FROM THE BOARD

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.

In the ordinary and usual course of business, USCL provides securities brokerage service, which charges brokerage commission rate at 0.25%, which is determined with reference to (i) the historical brokerage commission rate offered by USCL to other majority of independent customers (other than those active traders of USCL), on the value of the transactions; and (ii) the brokerage commission rates offered by other independent service providers in the market. In order to ensure that the brokerage commission rate charged by USCL is fair and reasonable, the Board has also adopted internal control measures as set out in the paragraph headed “Internal Control Procedures” below. As such, the Board considers that the brokerage commission rate charged by USCL is fair and reasonable and no less favourable than those offered by independent third parties. The securities brokerage commission is charged when transaction is concluded.

HISTORICAL DATA

The amounts of securities brokerage commission paid by UBA Group to USCL for each of the three years ended 31st March 2018 and the nine months ended 31st December 2018 respectively are shown below:

	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\$)
Securities brokerage commission	1,628,284	1,147,010	634,496	143,233

LETTER FROM THE BOARD

CAP AMOUNT FOR SECURITIES BROKERAGE COMMISSION

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 the Company pursuant to Rule 14A.76 of the Listing Rules.

Internal Control Procedures

In order to ensure that the brokerage commission rate charged by USCL is fair and reasonable, on normal commercial terms and is no less favourable than those offered by independent third parties, the financial controller of the Company will gather and compare the brokerage commission rate charged by Upbest Group to UBA Group against those offered by at least two independent service providers on a regular basis so as to determine if the brokerage commission rate charged by Upbest Group are on normal commercial terms and on terms which are no less favourable to UBA Group than those offered by other independent service providers. The financial controller of the Company will then summarise the relevant findings and report to the management immediately in case of any irregularity.

Also, the financial controller of the Company will review the transaction amounts under the relevant continuing connected transactions on a monthly basis so as to ensure that the annual cap for the securities brokerage commission will not be exceeded and that the relevant transactions will fall under the exemption for de minimis transactions as set out in Rule 14A.76 of the Listing Rules.

The management of the Company will also review the transaction amounts under the relevant continuing connected transactions semiannually so as to determine if there is a need to obtain Shareholders' approval in compliance with the Listing Rules.

Furthermore, the independent non-executive Directors and the auditors of the Company will conduct annual review of the relevant continuing connected transactions to confirm, among others, that such transactions are carried out in accordance with the terms of the relevant agreements and in accordance with Rule 14A.55 and Rule 14A.56 of the Listing Rules.

Based on the above, the Directors consider that the Company has adopted sufficient internal control measures to ensure that the brokerage commission rate charged by USCL is fair and reasonable, on normal commercial terms and is no less favourable than those offered by independent third parties.

VI. INFORMATION OF THE COMPANY AND 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.

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.

LETTER FROM THE BOARD

VII. 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 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 the UBA Shareholders as a whole. In view of the long term business relationship since then and operational convenience brought to UBA Group, the UBA Board considers them to be in the best interests of the UBA Shareholders to continue to engage Upbest Group to provide assets management services and securities brokerage services for UBA Group.

The UBA Board (including the independent non-executive directors) and the Upbest 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 Continuing Connected 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.

VIII. 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, 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.

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.

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.

LETTER FROM THE BOARD

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 at the Latest Practicable Date, 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. **Fung Fai and its associates will abstain from voting in the UBA EGM to be convened for the approval of, *inter alia*, the relevant Continuing Connected Transactions. CCAA and its associates will abstain from voting in Upbest EGM to be convened for the approval of, *inter alia*, the relevant Continuing Connected Transactions.**

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. 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. 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 UBA and Upbest will convene the UBA EGM and the Upbest EGM respectively for the approval of the relevant Continuing Connected Transactions. Each of UBA and Upbest has appointed 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 UBA Independent Shareholders and Upbest Independent Shareholders respectively. Central China International Capital Limited has been appointed as the UBA Independent Financial Adviser and Alliance Capital Partners Limited has been appointed as the Upbest Independent Financial Adviser.

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 the relevant Continuing Connected Transactions. Central China International Capital Limited has been appointed as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the terms in relation to the relevant Continuing Connected Transactions.

LETTER FROM THE BOARD

X. EGM

Set out on pages 46 to 47 is a notice convening the EGM to be held at 16th Floor, Wah Kit Commercial Centre, 300 Des Voeux Road Central, Hong Kong on Tuesday, 26th March 2019 at 4:00 p.m. at which relevant resolution(s) will be proposed to the Shareholders to consider and if thought fit, approve the relevant 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, 300 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.

The register of members of the Company will be closed, for the purpose of determining Shareholders' entitlement to attend and vote at the meeting, from Thursday, 21st March 2019 to Tuesday, 26th March 2019 (both days inclusive), during this period no transfer of shares will be registered. In order to attend and vote at the meeting, Shareholders should ensure that all transfer documents, accompanied by the relevant share certificates, are lodged with the Company's branch share registrar in Hong Kong, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration, not later than 4:30 p.m. on Wednesday, 20th March 2019.

XI. RECOMMENDATION

The 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 Board recommends the Independent Shareholders to vote in favour of the ordinary resolution 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 pages 23 to 24 of this circular; and (ii) the letter of advice from Central China International Capital Limited set out on pages 25 to 40 of this circular, which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the relevant Continuing Connected Transactions.

The Independent Board Committee, having taken into account the advice of Central China International Capital Limited, 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
Dr. Wong Yun Kuen
Chairman and Executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



UBA INVESTMENTS LIMITED

開明投資有限公司*

(incorporated in Cayman Islands with limited liability)

(Stock code: 768)

28th February 2019

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

We refer to the circular of the Company dated 28th February 2019 (the “**Circular**”) to the Shareholders, of which this letter forms part. Capitalised terms 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 as members to form the Independent Board Committee and to advise you the terms of the Financial Assistance and the relevant annual caps, whether such terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole and how to vote on the resolutions approving the Financial Assistance.

Central China International Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Financial Assistance provided by Upbest Group to UBA Group are fair and reasonable so far as the Independent Shareholders are concerned, whether such terms are in the interests of the Company and the Shareholders as a whole. Details of its advice, together with the principal factors taken into consideration in arriving at such advice, is set out on pages 25 to 40 of the Circular.

Your attention is also drawn to the letter from the Board set out on pages 6 to 22 of the Circular and the additional information set out in the appendix of the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the terms of the Financial Assistance and the advice of Central China International Capital Limited, we are of the opinion that the Financial Assistance and the relevant annual caps are on normal commercial terms and the terms of the Financial Assistance 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 to be proposed at the EGM to approve the Financial Assistance and the relevant 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 THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders regarding the continuing connected transactions for the purpose of inclusion in this circular.



Suites 3108,
Two Exchange Square,
8 Connaught Place,
Central, Hong Kong

28th February 2019

To: *The Independent Board Committee and
the Independent Shareholders of UBA Investments Limited*

Dear Sir/Madam,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Continuing Connected Transactions, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of UBA to the Shareholders dated 28th February 2019 (the “**Circular**”), of which this letter forms a part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

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; and
- (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.

The aforementioned transactions are considered to be continuing connected transactions under the Listing Rules. Since the proposed annual cap 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.

LETTER OF ADVICE FROM THE INDEPENDENT FINANCIAL ADVISER

THE INDEPENDENT BOARD COMMITTEE

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.

THE INDEPENDENT FINANCIAL ADVISER

As the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the Central China International Capital Limited's role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders as to (i) whether the terms of the Financial Assistance provided by Upbest Group to UBA Group are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) whether such terms are in the interests of the Company and the Shareholders as a whole.

We have not acted as an independent financial adviser or financial adviser for other transactions of the Group in the last two years prior to the date of the Circular. Pursuant to Rule 13.84 of the Listing Rules, and given that remuneration for our engagement to opine on the 2019 Financial Assistance Supplemental Agreements, the Precious Metal Supplemental Agreement and the transactions contemplated thereunder is at market level and not conditional upon successful passing of the resolution, and that our engagement is on normal commercial terms, we are independent of the Company.

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationship with or interest in UBA or any other parties that could reasonably be regarded as relevant to our independence, including but limited to its directors, chief executive or substantial shareholders. Apart from this appointment as the Independent Financial Adviser, no arrangements exist whereby we had received or will receive any fees or benefits from UBA or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that the aforementioned appointment would not affect our independence, and that we are independent pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION AND RECOMMENDATION

In formulating our opinion, we have reviewed, amongst others, (i) the 2016 Financial Assistance Supplemental Agreements, 2019 Financial Assistance Supplemental Agreements, Precious Metal Financial Assistance Agreement, the Precious Metal Supplemental Agreement and the relevant original agreements; (ii) supporting documents and calculation breakdown provided by the Company; (iii) the Company's annual reports for the two financial years ended 31st March 2017 and 2018 and its interim report for the six months ended 30th September 2018; (v) previous circulars in respect of the Group's continuing connected transaction with Upbest Group in 2013 and 2016; and (vi) other information as set

LETTER OF ADVICE FROM THE INDEPENDENT FINANCIAL ADVISER

out in the Circular. In addition, we conducted independent research on the latest market rates and practices, aiming at assessing the reasonableness of the terms and conditions in the contemplated agreements.

In arriving at our recommendation, we have relied on the statements, information and representations contained in the Circular and the information and representations provided to us by the directors and the management of UBA (the “**Management**”). We have assumed that all information and representations contained or referred to in the Circular and all information and representations which have been provided by the Directors and the Management are true and accurate at the time they were made and will continue to be accurate as at the date of the despatch of the Circular. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the Management.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed by them in the Circular have been arrived at after due and careful consideration and there are no other material facts not contained in the Circular; the omission of which would make any such statement made by them that contained in the Circular misleading in all material respects. We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any material facts or circumstances which would render the information provided and representations made to us untrue, inaccurate or misleading.

We consider that we have performed all the necessary steps to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinion. We have not, however, carried out any independent verification of the information provided by the Directors and the Management, nor have we conducted an independent investigation into the business and affairs of the UBA Group and their respective associates.

This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Continuing Connected Transaction, and except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation to the Independent Board Committee and the Independent Shareholders regarding the 2019 Financial Assistance Supplemental Agreements, the Precious Metal Supplemental Agreement and their annual cap, we have considered the following principal factors and reasons:

Information on UBA and Upbest Groups

Information on UBA

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.

LETTER OF ADVICE FROM THE INDEPENDENT FINANCIAL ADVISER

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

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 UBA Board considers the entering into of the 2019 Financial Assistance Supplemental Agreements and the Precious Metal Supplemental Agreement will benefit UBA Shareholders as a whole. In view of the long term business relationship since then and operational convenience brought to UBA Group, UBA Board considers them to be in the best interests of 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.

2019 FINANCIAL ASSISTANCE SUPPLEMENTAL AGREEMENT AND THE PRECIOUS METAL SUPPLEMENTAL AGREEMENT

(a) Background

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 and initial public 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

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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.

Precious metal margin financing services

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 services 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 services 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 services 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.

(b) Historical Data

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

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The maximum amounts at a particular point of time of securities margin loans being 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 31st March 2016 (HK\$)	During the Financial Year ended 31st March 2017 (HK\$)	During the Financial Year ended 31st March 2018 (HK\$)	During the nine months ended 31st 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 31st March 2016 (HK\$)	As at 31st March 2017 (HK\$)	As at 31st March 2018 (HK\$)	As at 31st December 2018 (HK\$)
Securities margin loans	Nil	Nil	Nil	Nil

The maximum amounts at a particular point of time of initial public offer financing being 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 31st March 2016 (HK\$)	During the Financial Year ended 31st March 2017 (HK\$)	During the Financial Year ended 31st March 2018 (HK\$)	During the nine months ended 31st December 2018 (HK\$)
Initial public offer Financing				
Maximum amounts	Nil	Nil	Nil	Nil

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The maximum amounts at a particular point of time of precious metal margin loans being 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 31st March 2016 (HK\$)	During the Financial Year ended 31st March 2017 (HK\$)	During the Financial Year ended 31st March 2018 (HK\$)	During the nine months ended 31st December 2018 (HK\$)
Precious metal margin loans				
Maximum amounts	Nil	Nil	Nil	Nil

(c) Principal Terms of the Financial Assistance agreements

The principal terms of the 2019 Financial Assistance Supplemental Agreements and Precious Metal Supplemental Agreement are determined on the same bases as their respective original agreements. Set out below are the principal terms.

(i) Securities Margin Financing

Payment terms	Payment on demand
Collateral term	Pledge of any acceptable security interest by way of security for loans or advances
Interest rate	4.25% above prime rate per annum, calculated on daily balances charged on a monthly basis. Such interest rate was determined with reference to (i) the terms and conditions offered by UICL to other majority of independent customers of UICL and (ii) the terms and conditions offered by other independent service providers to the UBA Group in the market.

(ii) Initial Public Offer Financing (“IPO financing”)

Payment terms	Payment on demand
Collateral term	Pledge of any acceptable security interest by way of security for loans or advances

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Interest rate 0.20% to 1.50% above the borrowing costs per annum, calculated on daily balances charged on a monthly basis. Such interest rate was determined with reference to (i) the terms and conditions offered by UICL to other majority of independent customers of UICL and (ii) the terms and conditions offered by other independent service providers to the UBA Group in the market.

(iii) Precious Metal Margin Financing

Payment terms Payment on demand

Collateral term Cash deposits of initial margin and maintenance margin

Interest rate 0.25% to 0.50% per annum above the borrowing costs for call position. In respect of put position, the interest rate would be 0.25% to 0.50% per annum on top of the borrowing cost of UGS (if any). UBA Gold may off-set such financing fee with the interest received by UGS from its supplier(s), and any net positive interest as a result of such off-set will be paid to UBA Gold. Such interest rate was determined with reference to interest rates offered by other precious metal trading houses in the market and is the same as that being offered to other majority independent customers of UGS.

(d) Analysis of the Financial Assistance Cap

The historical annual caps for the Financial Assistance for each of the three years ending 31st March 2019 were set at HK\$60,000,000.

The UBA Board proposed that the annual cap (i.e. the maximum amounts at a particular point of time of the loans being advanced) 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, among others, the historical figures of the Financial Assistance and the assumption of UBA subscribing two initial public offerings at the same time subject to the limit of having the value of the investments not exceeding 20% of the net asset value of UBA as required under Chapter 21 of the Listing Rules. Based on the net asset value of UBA for the recent three Financial Years, 20% of such average net asset value of UBA shall be approximately HK\$32,000,000 and thus subscribing two initial public offerings at the same time shall amount to approximately HK\$64,000,000.

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The Company estimated its NAV in the year 2019-2022 based on its historical NAV in the previous three financial years, as set out in the table below:

Table 1

As at	NAV (HK\$)
31 st March 2016	161,164,223
30 th September 2016	154,394,104
31 st March 2017	170,876,359
30 th September 2017	173,665,738
31 st March 2018	146,364,754
30 th September 2018	152,318,905
31 st December 2018	145,061,025
Average NAV	157,692,158
20% of Average NAV	31,538,432
Proposed Cap (20% of average NAV*2)	64,000,000

With an aim to evaluating the fairness and reasonableness of the proposed annual cap and the basis thereof, we performed the following independent work: (i) inquired with the Management about the basis and rationale on which the annual cap amount was determined; (ii) inspected the relevant supporting documents provided by the Management, including but not limited to the IPO market prospect in 2019 and historical data of the Group's utilization of the Financial Assistance; and (iii) studied the research reports and online articles published by, among others, the Big 4 accounting firms¹, Baker & McKenzie International², Bank of China (Hong Kong) Limited³ and ABCI Securities Company Limited⁴, from our web search on the IPO market prospect in 2019.

The finding from our independent work is summarized as follows: (i) only the securities margin financing service, within the scope of Financial Assistance, was actively used by the Group in the past three years, as the trading volumes for both the IPO financing and precious metal margin financing services were nil; (ii) it is the Management's professional judgement that the IPO transactions in the past three years were not appropriate investments for the Group, having considered the potential profits

¹ **KPMG:** News article titled "Hong Kong IPOs to raise HK\$100 billion less in 2019, says KPMG" published on South China Morning Post on 11 December 2018 (<https://www.scmp.com/business/banking-finance/article/2177490/hong-kong-ipos-raise-hk100-billion-less-2019-city-will>)
Deloitte Touche Tohmatsu: Article titled "2018 review and 2019 outlook for the Chinese Mainland and Hong Kong's IPO Markets" published on the official website of Deloitte Touche Tohmatsu (<https://www2.deloitte.com/cn/en/pages/audit/articles/2018-review-and-2019-outlook-for-the-chinese-mainland-and-hong-kongs-ipo-markets.html>)
PricewaterhouseCoopers Hong Kong: Article titled "Hong Kong IPO market – 2018 review and 2019 outlook" published on the official website of PricewaterhouseCoopers Hong Kong (<https://www.pwchk.com/en/services/audit-and-assurance/ipo-and-capital-markets/publications/hk-ipo-market-2018-review.html>)
Ernest & Young: News article titled "EY Forecasts HK IPO Mkt to Raise About \$200B Next Yr" published on www.aastocks.com on 27 December 2018 (<http://www.aastocks.com/en/stocks/news/aafn-content/NOW.915258/company-news>)

² **Baker & McKenzie International:** Report titled "Global Transactions Forecast 2019" (https://www.bakermckenzie.com/-/media/files/insight/publications/gtf/global_transactions_forecast_2019.pdf)

³ **Bank of China (Hong Kong) Limited:** Article titled "Hong Kong Economic Outlook in 2019" published by Economic Review in December 2018 ([https://www.bochk.com/dam/investment/bocecon/SY2018035\(en\).pdf](https://www.bochk.com/dam/investment/bocecon/SY2018035(en).pdf))

⁴ **ABCI Securities Company Limited:** Report titled "2019 Economic Outlook & Investment Strategy" (http://sec.abci.com.hk/medias/2019%20ABCI%20Economic%20Outlook%20&%20Investment%20Strategy_20191207.pdf?1548847883.1148)

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arising therefrom. The Management, however, acknowledged the possibility that lucrative IPO opportunities may arise in the coming years after taking into account the forecast numbers and the fund raising amounts of initial public offerings in Hong Kong in 2019 anticipated by certain international accounting firms; (iii) the research result from our independent work echoed with the Management's view that the overall fundraising volume in the local IPO market in 2019 will likely be subject to downward pressure. Nonetheless, some of the growth momentum driving the stock market in Hong Kong will be maintained in the years to come, as a result of which the IPO market will likely to remain strong overall. The Company's share in the IPO market is minimal even if two IPOs are subscribed simultaneously, as assumed in the annual cap calculation, as far as the total fund raising amount in the market is concerned; and (iv) the annual cap for Financial Assistance should not only provide sufficient limit to the regularly used securities margin financing service whose maximum amount at a particular point of time was approximately HK\$22.5 million during the three years ended 31 March 2018, but also allow the Group to subscribe for at least one IPO concurrently. Nevertheless, the Management did not base their estimation of Financial Assistance on previous maximum margin loan amount plus one IPO subscription amount. Instead, the Management, seeking to provide a reasonable buffer and necessary flexibility for the Group, considers an annual cap which is sufficient for subscribing for two IPOs simultaneously as appropriate.

Based on the above, we are of the view that the Management made the estimation and expectation on the Group's investment needs on good faith and that they have, to their best endeavours, maximized the Group's capability in leveraging market opportunities should they arise. It is therefore regarded fair and reasonable for the annual cap of Financial Assistance to be proposed on the aforementioned basis.

(e) Analysis of the Financial Assistance Fees

We have reviewed the 2019 Financial Assistance Supplemental Agreements and the Precious Metal Supplemental Agreement. No extraordinary terms are noted and no changes have been made to the aforementioned agreements compared with the 2016 Financial Assistance Supplemental Agreements and the Precious Metal Financial Assistance Agreement. They were entered into for the sole purpose of extending the Financial Assistance for another three years. In order to re-assess the fairness and reasonableness of the proposed Financial Assistance fees, we conducted independent research on the prevailing market practices and interest rates which provide meaningful references to our analysis below.

Securities Margin Financing

According to the Report on Review of Securities Margin Financing Activities published by the Securities and Futures Commission (SFC) in August 2018, there are 315 securities margin financing brokers in Hong Kong as at 31 December 2017. Given the fact that no full list of securities margin financing brokers is publicly available for inspection, we performed the following screening procedure and identified 14 brokers as comparable companies thereafter: (i) a general search on listed institutional brokers domiciled in Hong Kong was conducted on Bloomberg and a list of 53 listed corporations was generated; (ii) we visited the official websites of those 53 listed corporations and noted that only 14 of them published their interest rates of securities margin financing service online. While we are aware that the list generated by Bloomberg is not exhaustive, an analysis on all the brokers is deemed unnecessary and we are convinced that the comparable companies are representative of the market condition as (i) they are all listed corporations which are under close supervision of the regulators and the market participants; and (ii) they consist of securities firms, banks and financial institutions of different size and background. Their respective securities margin financing rates are set out in the table below.

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Table 2

Company	Stock code	Securities margin financing interest rate (per annum)
BOCOM International Holdings Company Limited	3329	BOCOM prime rate ⁽¹⁾ +3%
Bright Smart Securities & Commodities Group Ltd.	1428	1 week HIBOR ⁽²⁾ + 4%
China Fortune Financial Group Limited	0290	Prime rate ⁽³⁾ +6%
China Merchants China Direct Investments Limited	0133	CMB Prime rate ⁽¹⁾ +3%
Chinese Strategic Holdings Limited	0235	HSBC Prime rate ⁽⁴⁾ +3.5%
Cinda International Holdings Limited	0111	BOC prime rate ⁽⁴⁾ +3%
Emperor Capital Group Ltd.	0717	Prime rate ⁽³⁾ +3%
Guotai Junan International Holdings Ltd.	1788	HSBC Prime rate ⁽⁴⁾ +3%
Haitong International Securities Group Limited	0665	HSBC prime rate ⁽⁴⁾ +1% – 6%
Orient Securities International Holdings Ltd	8001	Prime rate ⁽³⁾ +3%
Southwest Securities International Securities Ltd	0812	HSBC prime rate ⁽⁴⁾ +3%
South China Financial Holdings Limited	0619	Standard Chartered prime rate ⁽¹⁾ +4%
Tou Rong Chang Fu Group Limited	0850	Prime rate ⁽³⁾ +4%
Victory Securities Company Limited	8540	Prime rate ⁽³⁾ +2%

(1): According to their company websites, Standard Chartered Bank, CMB and BOCOM prime rates as at the Latest Practicable Date rate are 5.375%.

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- (2): *According to the information published by the Hong Kong Association of Banks, the 1 week and HIBOR as at 22nd February, 2019 is 0.70429.*
- (3): *These companies have not specified which prime rate they adopt on their websites.*
- (4): *According to its company website, HSBC and BOC prime rates as at the Latest Practicable Date is 5.125%.*

We noted from the statistics above that the interest rates offered by the comparable brokers range from 1% to 6% on top of their respective prime rates with the market average at around 2%-4% above their respective prime rates. From our research, the comparable companies mainly adopt two prime rates, i.e. 5.125% and 5.375%. As informed by the Management, Upbest Group uses the prime rate of OCBC Wing Hang Bank Limited which is 5.5% as at the Latest Practicable Date since OCBC Wing Hang Bank Limited is Upbest Group's principal banker.

The interest rate of 4.25% above OCBC Wing Hang Bank Limited's prime rate per annum offered by Upbest Group is slightly higher than the aforesaid market average but fell within the range charged by the comparable companies.

The slightly higher interest rate is justified for the following reasons:

- (i) the interest rate offered by Upbest Group to UBA Group does not deviate materially from the market average mentioned above;
- (ii) Having reviewed the summary of interest rates provided by Upbest Group, we note that Upbest Group offers 47 different interest rates to its clients, among which the interest rate of 4.25% above prime rate is offered to 28% of its clients, ranked first in terms of the number of clients. We are of the view, as a result of the foregoing, that the interest rate offered under the 2019 Supplemental Financial Assistance Agreement in relation to securities margin financing services is a market rate charged by Upbest Group during its usual and ordinary course of business.
- (iii) As an industry practice, the broker firms may close the clients' margin positions without notice once the margin requirements are not fulfilled. As confirmed by the Management, to the benefit of UBA Group, it is allowed relatively more response time to the margin call to maintain its margin position when the minimum margin requirement is reached by Upbest Group due to their long term business relationship and effective communication. This beneficial arrangement to a certain extent justifies the slightly higher interest rate.
- (iv) As advised by the Management, while it is a common practice that the securities brokers in the market act as agents to lend from banks and relend to their clients for securities margin financing service, Upbest Group provides the financing service using their own internal fund and act as the principal creditor. Accordingly, Upbest Group is free from the lending restrictions imposed by the banks and is able to exercise its own discretion in advancing funds to its clients. Since Upbest Group and UBA Group have established mutual trust from their long term cooperation, the lending terms and conditions imposed by Upbest Group is less stringent and stifling than that imposed by independent financial institutions and that the Company enjoys margin coverage of a broader range of securities. The additional benefits again provide justification to the slightly higher interest rate; and

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- (v) The original securities margin financing agreements entered into by both Upbest Group and UBA Group were based on the standard contracts of Upbest Group and the supplemental agreements thereafter were entered into for the sole purpose of extending the service period. Accordingly, we are of the view that the terms and conditions of the securities margin financing services provided by Upbest Group are no less favourable than that offered to independent third parties;

For the above reasons, we concur with the Management that the terms and conditions of the securities margin financing services, including the interest rate offered thereunder, are in the interest of the company and shareholders as a whole.

Initial Public Offer Financing

The Management, upon their enquiry with Upbest Group, confirms that Upbest Group determines the interest rates of IPO financing service on a case-by-case basis after considering a number of factors including (i) popularity of individual initial public offer subscriptions, (ii) price competitiveness and (iii) other benefits brought to Upbest Group; and further confirms that the interest rates offered to UBA Group are in line with those offered to other independent third party customers during its ordinary and usual course of business.

We have conducted an independent research on the prevailing market practice concerning IPO financing and noted that given the unique risk profiles and different funding needs of IPO projects, IPO financing interest rates are mostly determined on a case-by-case basis upon application to the financial institutions. Thus, no directly comparable interest rates were found. Despite limited information on market rates, we are of the view that the interest rates and terms proposed under the Financial Assistance Supplemental Agreements in relation to IPO financing services is fair and in the interest of the Company and Shareholders as whole, for the following reasons:

- (i) The interest rate of 0.20%–1.50% above the borrowing costs is the market rate offered by Upbest Group to its other clients for the provision of IPO financing services, as confirmed by the Management;
- (ii) As advised by the Management, it is the Company's strategy to invest in private equity projects primarily with internal funds. From FY2016 to FY2019, the Company has invested approximately HK\$36 million in unlisted corporations and will continue with such investments in the foreseeable future. The IPO financing service is solely engaged to provide flexibility for the Company in cases of change in investment strategy or sudden shortage of internal resources. We, with a view to verify the foregoing statements, inspected the summary of amounts of IPO financing advanced to the Company by Upbest Group from April 2015 to December 2018 and agree that the IPO financing service was never actively used by the Company. We are, therefore, of the opinion that by engaging the IPO financing service, the Shareholders' interest can be promoted in the long run as it enables the Company to capitalize on market opportunities as soon as they arise; and

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- (iii) The original agreement on IPO financing services entered into by Upbest Group and UBA Group are on standard terms of Upbest Group and the supplemental agreements concluded thereafter were for the sole purpose of extending the service periods; the terms and conditions thereof are therefore no less favourable than terms available to independent third parties.

Precious Metal Margin Financing

As for the precious metal margin financing service fees, we have the following findings from our independent research on the precious metal trading market: (i) no full list of precious metal trading companies in Hong Kong is publicly available; (ii) among the 94 online precious metal traders recognized by The Chinese Gold & Silver Exchange Society, only a few publish their annual interest rates on their websites; and (iii) we have, to our best endeavors, identified 10 companies which provide precious metal margin financing service in Hong Kong for comparison. The interest rates of the call and put positions for the Local London Gold and Local London Silver of those comparable companies were summarized as follows:

Table 3

	Call interest rate (%)		Put interest rate (%)	
Acetop Precious Metals Limited	-1.75	to	-1.75	-0.15 to -0.15
Cheung's Gold Traders Limited	-3.50		-3.50	0.50 to 0.50
Emperor Financial Services Group	-3.75		-4.50	0.75 to 1.50
Fulbright Bullion	-2.25		-2.75	-0.25 to -0.75
Golden Precious Metals Limited	-3.75		-4.50	0.75 to 1.50
Nm23.com	-3.25		-4.00	0.25 to 1.00
Phillip Securities Group	-3.25		-4.00	0.50 to 0.50
Safe Gold Bullion Ltd.	-3.75		-3.75	0.75 to 0.75
Wing Fung Financial Group	-2.75		-3.75	0.75 to 1.75
Xs9999	-1.50		-1.50	-0.75 to -0.75
Market Range	-1.50	to	-4.50	-0.75 to 1.75

Inferred from the above statistics, the market interest rate of precious metal margin financing service ranges from -1.50% to -4.50% for call positions and from -0.75% to 1.75% for put positions.

The interest rate of precious metal margin financing service contemplated under the Precious Metal Supplemental Agreement is 0.25% to 0.50% per annum above the borrowing costs for call position, and 0.25% to 0.50% per annum on top of the borrowing cost of UGS for put position. The Management, after consulting Upbest Group, confirmed that the borrowing cost of UGS is determined mainly by reference to the precious metal margin financing interest rates charged by one of its industry peers which is a widely-recognized market leader (the "**Market Leader**"). UGS serves as a precious metal trading agent between the Market Leader and UGS's clients by placing orders on the the Market Leader's trading platform for its clients. In return, UGS charges a markup on the Market Leader's interest rate for its service. The reasons for such agency arrangement are (i) the Market Leader prefers trading with members of The Chinese Gold & Silver Exchange Society; and (ii) UBA Gold enjoys operational efficiency and

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convenience by trading through UGS in view of their well-established business relationship. Having regard to the aforementioned reasons, there is sound and valid basis that UGS determines its interest rates based on that of the Market Leader.

For comparison purpose, we summarized in the following table the range of possible interest rates to be offered by Upbest Group to the Company with reference to the Market Leader's interest rates obtained at the Latest Practicable Date.

Table 4

	Call interest rate (%)	Put interest rate (%)
0.25% above/on top of the Market Leader's interest rates	-3.75	0.25
0.50% above/on top of the Market Leader's interest rates	-4.00	0.00
Range of possible interest rates	-3.75 to -4.00	0.00 to 0.25

It is the Management's understanding that UGS normally charges a markup of 0.25%, instead of 0.5%, on the Market Leader's interest rates. Therefore, the interest rates of -3.75% for call position and 0.25% for put position are, in our opinion, more relevant to our comparison with the market data. Even if the higher markup of 0.5% is considered, the interest rates to be possibly offered by UGS to UBA Gold under the agreement in question still fell well within the market range mentioned above.

The terms and conditions of the Precious Metal Supplemental Agreement and the transaction contemplated thereunder are, in our view, in the interest of the Company and Shareholders as a whole for the following reasons:

- (i) The interest rates offered by UGS to UBA Gold fell within the range of interest rates charged by its peers.
- (ii) Since April 2015, no precious metal trading financing has been advanced by Upbest Group and it is the Company's strategy to focus on investing in the stock market and unlisted equity investments than the precious metal market since the risk associated with gold and silver transactions is much higher and the investments in the stock market and unlisted companies offer relatively higher yield in the recent years, as advised by the Management. Given the company's reluctance to invest much in precious metals, the precious metal margin financing service is engaged for the purpose of preparing the company to respond promptly to market changes where the precious metal market becomes favorable. Therefore, the service arrangement contemplated under the Precious Metal Supplemental Agreement is supportive to the company's investment strategies in the long run;
- (iii) We are further confirmed by the Management that the interest rates offered and the covenant imposed by UGS to its other clients are the same as those offered to UBA Gold under the Precious Metal Financial Supplemental Agreement. Accordingly, the terms and conditions are no less favourable to UBA Gold than other independent third parties.

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On the basis of the aforesaid analysis, we concur with the Management that the terms of the 2019 Financial Assistance Supplemental Agreements and the Precious Metal Supplemental Agreement, including the interest rates of the Financial Assistance, are fair and reasonable so far as UBA and the Independent Shareholders are concerned.

RECOMMENDATION

The Financial Assistance and its annual cap thereunder are subject to the Independent Shareholders approval. We are of the view that the entering into the 2019 Financial Assistance Supplemental Agreements and the Precious Metal Supplemental Agreement are in the ordinary and usual course of business, on normal commercial terms, and in the interests of UBA and its Shareholders as a whole. In addition, the terms of the 2019 Financial Assistance Supplemental Agreements and the Precious Metal Supplemental Agreement and the annual cap 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 resolutions to be proposed at the EGM to approve the terms of the 2019 Financial Assistance Supplemental Agreements, the Precious Metal Supplemental Agreement and its annual cap.

Yours faithfully,
For and on behalf of
Central China International Capital Limited
Billy C. W. Cheung
General Manager

Note: Mr. Cheung is a licensed person under the SFO to engage in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities. He has over 20 years of experience in corporate finance.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular 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 circular 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 director	Capacity	Number or attributable number of shares held or short positions	Approximate percentage of shareholding
Mr. Cheng Wai Lun, Andrew (<i>Note</i>)	Corporate/Long position	340,000,000	26.74%

Note: The shares are held by Fung Fai Growth Limited. 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 the 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	26.74%
Kingswell Holdings Group Limited (<i>Note 2</i>)	Beneficial Owner/ Long Position	192,000,000	15.10%

Note 1: The shares are held by Fung Fai Growth Limited. 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. Leong Chi Wai. Mr. Leong Chi Wai 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 the 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
Central China International Capital Limited	a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities as defined under the SFO

As at the Latest Practicable Date, Central China International Capital Limited was 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.

Central China International Capital Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter dated 28th February 2019 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 the Directors 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. 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 2018, being the date to which the latest published audited financial statements of the Group was made up.

7. 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.

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 as at the Latest Practicable Date.
- (b) None of the Independent Financial Adviser 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 2018, 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, 300 Des Voeux Road Central, Hong Kong.
- (d) The principal share registrar of the Company in the Cayman Islands is SMP Partners (Cayman) Limited, Royal Bank House, 3rd Floor, 24 Shedden Road, P.O. Box 1586, Grand Cayman KY1-1110, Cayman Islands.
- (e) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Standard Limited, Level 22, Hopewell Centre, 183 Queen's Road East, 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, 300 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 19th March 2019:

- (a) the memorandum and articles of association of the Company;
- (b) the agreements entered into between UICL and each of UBA, UBA Financial and Super Idea respectively dated 15th November 2002, 13th March 2003, 22nd June 1999 respectively in relation to the Financial Assistance;
- (c) the 2019 Financial Assistance Supplemental Agreements;
- (d) the Precious Metal Financial Assistance Agreement;
- (e) the Precious Metal Supplemental Agreement;

- (f) the Existing Investment Management Agreement;
- (g) the New Investment Management Agreement;
- (h) the securities brokerage agreements between USCL and each of UBA, UBA Financial and Super Idea respectively dated 12th July 2000, 18th July 2001 and 22nd June 1999 respectively;
- (i) the securities brokerage agreements between USCL and each of Lucky Joy and Marine Assets respectively dated 3rd November 2016 and 24th November 2016 respectively;
- (j) the 2019 Securities Brokerage Supplemental Agreements;
- (k) the letter from the Independent Board Committee, the text of which is set out on pages 23 to 24 of this circular;
- (l) the written consent from the expert referred to in the paragraph headed “Qualification and consent of expert” in this appendix; and
- (m) the letter of advice from Central China International Capital Limited to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 25 to 40 in this circular.

NOTICE OF EGM



UBA INVESTMENTS LIMITED

開明投資有限公司*

(incorporated in 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 16th Floor, Wah Kit Commercial Centre, 300 Des Voeux Road Central, Hong Kong on Tuesday, 26th March 2019 at 4:00 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. Unless otherwise specified, capitalised terms used herein shall have the same meanings as those defined in the circular of the Company dated 28th February 2019 of which the notice convening the Meeting forms part.

ORDINARY RESOLUTION

“**THAT**

- (a) the supplemental agreement dated 25th January 2019 entered into between UBA Financial and UICL in relation to the provision of securities margin financing and initial public offer financing services (the “**Securities Margin Financing**”) by UICL to UBA Financial (copy of which has 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, confirmed and ratified;
- (b) the supplemental agreement dated 25th January 2019 entered into between Super Idea and UICL in relation to the provision of the Securities Margin Financing by UICL to Super Idea (copy of which has 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, confirmed and ratified;
- (c) the supplemental agreement dated 25th January 2019 entered into between UBA and UICL in relation to the provision of the Securities Margin Financing by UICL to UBA (copy of which has 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, confirmed and ratified;
- (d) the supplemental agreement dated 25th January 2019 entered into between UGS and UBA Gold in relation to the provision of precious metal margin financing services by UGS to UBA Gold (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, confirmed and ratified;

* For identification purpose only

NOTICE OF EGM

- (e) the annual caps for the Financial Assistance for the financial years ending 31st March 2020, 31st March 2021 and 31st March 2022 be and are hereby approved; and
- (f) any one director of the Company be and is hereby authorised to do all such things and acts as he/she may in his/her discretion consider as necessary, expedient or desirable for the purpose of or in connection with the implementation of the 2019 Financial Assistance Supplemental Agreements, the Precious Metal Supplemental Agreement and the transactions contemplated thereunder, including but not limited to the execution of all such documents under seal where applicable, as he/she considers necessary or expedient in his/her opinion to implement and/or give effect to the 2019 Financial Assistance Supplemental Agreements, the Precious Metal Supplemental Agreement and transactions contemplated thereunder.”

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

Hong Kong, 28th February 2019

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
300 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, 300 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 Meeting or any adjournment thereof, should he so wish, and in such event, the form of proxy shall be deemed to be revoked.
4. The register of members of the Company will be closed, for the purpose of determining Shareholders' entitlement to attend and vote at the meeting, from Thursday, 21st March 2019 to Tuesday, 26th March 2019 (both days inclusive), during this period no transfer of shares will be registered. In order to attend and vote at the meeting, Shareholders should ensure that all transfer documents, accompanied by the relevant share certificates, are lodged with the Company's branch share registrar in Hong Kong, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration, not later than 4:30 p.m. on Wednesday, 20th March 2019.