
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 20 to 21 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 22 to 56 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 Friday, 29 April 2022 at 2:30 p.m. is set out on page EGM-1 to EGM-4 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 Hong Kong branch share registrar, Tricor Standard Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, 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.

Shareholders are reminded to refer to the section headed “Special Arrangements For the EGM” on page ii of this circular for the special arrangements for the EGM. In particular, Shareholders (other than those who are required to attend the EGM physically to form a quorate meeting) will NOT be able to attend in person, but may view and listen to the EGM and submit questions online. To vote at the EGM, Shareholders are strongly encouraged to complete and return the proxy form, appointing the chairman of the EGM as your proxy, to the Hong Kong branch share registrar of the Company, Tricor Standard Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong or submit the form of proxy electronically via the Tricor e-Meeting System no later than 2:30 p.m. on Wednesday, 27 April 2022 or not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof.

* For identification purpose only

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SPECIAL ARRANGEMENTS FOR THE EGM

The Company does not in any way wish to diminish the opportunity available to Shareholders to exercise their rights and to vote, but is conscious of the need to protect EGM attendees from possible exposure to the COVID-19 pandemic. For the health and safety of EGM attendees, the Company would be adopting the special arrangements for the EGM to minimise attendance in person, while still enabling Shareholders to vote and ask questions.

Due to the recent development of COVID-19 pandemic and the announcements of the Government of Hong Kong from time to time on the regulations under the Prevention and Control of Disease (Prohibition on Gathering) Regulation (Chapter 599G of the Laws of Hong Kong) and Prevention and Control of Disease (Requirements and Directions) (Business and Premises) Regulation (Chapter 599F of the Laws of Hong Kong), the Company will adopt the following special arrangements at the EGM:

- (a) The EGM will be held with the minimum number of persons present as is legally required to form a quorate meeting by the Directors and/or other staff member(s) who are Shareholders or proxy. NO other Shareholder, proxy or corporate representative should attend the EGM in person. Other than those in the quorum and the limited number of other attendees to ensure the proper conduct of the meeting, any other person who attempts to do so will be excluded and will not be permitted entry to the venue of the EGM. Shareholders, proxies or corporate representatives (other than those who are required to attend the EGM physically to form a quorate meeting) will NOT be able to attend in person but may view and listen to the EGM and submit questions online. The Company reserves the rights to change the attendance number depending on the public health situation and the relevant regulations in effect at the time of the EGM.
- (b) To enable Shareholders to participate in the EGM, the Company will arrange live video broadcast via Tricor e-Meeting System during the EGM. In order to participate in the EGM through live video broadcast, Shareholders will need to visit the designated URL link by using the unique login details which will be despatched to the Shareholders by post on or around 8 April 2022. However, such Shareholders will not be considered as attending the EGM in person, will not be counted as part of the quorum under the articles of association of the Company, and will not be allowed to cast their votes by electronic means at the EGM. Shareholders who wish to exercise his/her/its voting rights are strongly encouraged to appoint the chairman of the EGM as their proxy to vote on the relevant resolutions at the EGM. Registered shareholders are requested to provide a valid email address of his or her proxy (except appointing “the chairman of the EGM” as proxy) to receive the login and access code to view a live streaming webcast of the EGM and submit online questions to us on the Tricor e-Meeting System.
- (c) The Company reminds all Shareholders that physical attendance in person at the meeting is not necessary for the purpose of exercising voting rights. Shareholders who cannot attend the EGM in person will be able to vote by submitting a proxy in advance of the EGM. If Shareholders wish to vote on any resolutions at the EGM, they are strongly encouraged to appoint the chairman of the EGM as their proxy to vote on their behalf. In any event, Shareholders will not be deprived of their rights of voting on the resolution(s) to be proposed at the EGM.

SPECIAL ARRANGEMENTS FOR THE EGM

- (d) A proxy form for use at the EGM is enclosed with this circular. A copy of the proxy form can also be downloaded from the websites of the Company at www.uba.com.hk and the Stock Exchange at www.hkexnews.hk.

You are requested to complete and return the proxy form in accordance with the instructions printed thereon to the Hong Kong branch share registrar of the Company, Tricor Standard Limited,

- (a) at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong; or
- (b) by submitting the form of proxy electronically via the Tricor e-Meeting System in accordance with the instructions printed on the accompanying notification letter,

in each case as soon as possible and in any event no later than 2:30 p.m. on Wednesday, 27 April 2022, or not less than 48 hours before the time for holding the EGM.

Shareholders should note that if a person who is not the chairman of the EGM is appointed as proxy, that person may not be permitted entry to the venue of the EGM and may not be able to exercise the vote.

- (e) Non-registered Shareholders should contact their intermediary or stock brokers as soon as possible for assistance in the appointment of proxy. Beneficial owners or CCASS non-registered shareholders whose Shares are held through banks, brokers, custodians or Hong Kong Securities Clearing Company Limited (“**HKSCC**”) can also view and listen to the EGM and submit questions online. In this regard, they should consult directly with their banks, brokers or custodians (as the case may be) for the necessary arrangements by the deadlines of their respective bank, broker, custodian or HKSCC and in any event, not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof, and the unique login details will be sent to them by email upon receipt of request through their respective bank, broker, custodian or HKSCC. A valid email address should be provided for receiving the login details.

If Shareholders have any questions relating to the EGM, please contact Tricor Standard Limited, the Hong Kong branch share registrar of the Company, as follows:

Tricor Standard Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong
Telephone: 2980 1333
Facsimile: 2810 8185

Due to the constantly evolving COVID-19 situation in Hong Kong, the Company may be required to change the EGM arrangements with short notice. Shareholders should check the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.uba.com.hk) for future announcements and updates on the EGM arrangements.

DEFINITIONS

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

“2019 CCT Agreements”	collectively the 2019 Financial Assistance Supplemental Agreements, the 2019 Precious Metal Supplemental Agreement and the 2019 Investment Management Agreement
“2019 Financial Assistance Supplemental Agreements”	the supplemental agreements entered into between each of UBA, UBA Financial and Super Idea with UICL dated 25 January 2019 in relation to the provision of securities margin financing and initial public offer financing by Upbest Group to UBA Group
“2019 Investment Management Agreement”	the investment management agreement entered into between UAML and UBA dated 25 January 2019 in relation to the provision of assets management services by UAML
“2019 Joint Announcement”	the joint announcement by Upbest and UBA dated 25 January 2019
“2019 Precious Metal Supplemental Agreement”	the supplemental agreement entered into between UGS and UBA Gold dated 25 January 2019 in relation to the provision of precious metal margin financing by UGS to UBA Gold
“2022 Financial Assistance Supplemental Agreements”	the supplemental agreements entered into between each of UBA, UBA Financial and Super Idea with UICL dated 26 January 2022 in relation to the provision of securities margin financing and initial public offer financing by Upbest Group to UBA Group
“2022 Investment Management Agreement”	the investment management agreement entered into between UAML and UBA dated 26 January 2022 in relation to the provision of assets management services by UAML
“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 2022 Financial Assistance Supplemental Agreements and the 2022 Investment Management Agreement
“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 (stock code: 768)

DEFINITIONS

“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
“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
“Financial Assistance”	the loan advanced or to be advanced of securities margin financing and initial public offer financing as disclosed under the section “III. Supplemental agreements in relation to securities margin financing and initial public offer financing services” of the letter from the Board in this circular
“Financial Year”	financial year of Upbest and UBA, both being the twelve (12) months commencing from 1 April up to 31 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
“Investment Management Agreements”	collectively, the 2019 Investment Management Agreement, the 2022 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
“Latest Practicable Date”	29 March 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Management Fee”	the management fee payable by UBA to UAML under the Investment Management Agreements from time to time
“Mr. Cheng”	Mr. CHENG Wai Lun, Andrew
“Ms. Cheng”	Ms. CHENG Wai Ling, Annie

DEFINITIONS

“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 2022 Investment Management Agreement
“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 dated 26 January 2016 (as supplemented by the 2019 Precious Metal Supplemental Agreement) and entered into between UGS and UBA Gold in relation to the provision of precious metal margin financing by UGS to UBA Gold
“Reference Year”	the Financial Year ending 31 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 and 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
“UBA Financial”	UBA Financial Trading Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of UBA
“UBA Gold”	UBA Gold Investment Limited, a company incorporated in Samoa with limited liability and 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, Mr. TANG Hon Bui, Ronald and Mr. KWOK Ming Fai, independent non-executive directors of UBA

DEFINITIONS

“UBA Independent Financial Adviser” or “Independent Financial Adviser”	Central China International Capital Limited, a corporation licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the UBA Independent Board Committee and the UBA Independent Shareholders in respect of the Continuing Connected Transactions
“UBA Independent Shareholders” or “Independent Shareholders”	UBA Shareholders other than Fung Fai and its associates
“UBA Shareholders” or “Shareholders”	Shareholders of UBA
“UGS”	Upbest Gold and Silver Trading Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Upbest, is principally engaged in the provision of bullion dealing and precious metal margin financing services.
“UICL”	Upbest Investment Company Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Upbest, is registered under the SFO and is principally engaged in the provision of type 8 (securities margin financing) regulated activities
“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 (stock code: 335)
“Upbest Board”	the board of directors, including the independent non-executive directors, of Upbest
“Upbest Group”	Upbest and its subsidiaries
“Upbest Independent Shareholders”	Upbest Shareholders other than CCAA and its 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

Mr. Chau Wai Hing

Independent non-executive Directors:

Dr. Fung Lewis Hung

Mr. Tang Hon Bui, Ronald

Mr. Kwok Ming Fai

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

4 April 2022

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 26 January 2022 in relation to, among other things, the entering into of the 2022 Financial Assistance Supplemental Agreements and the 2022 Investment Management Agreement on 26 January 2022 by various members of the Upbest Group and the UBA Group.

The transactions contemplated under the 2022 Financial Assistance Supplemental Agreements and the 2022 Investment Management Agreement constitute continuing connected transactions under the Listing Rules. Since the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) of the proposed annual cap of the Financial Assistance for each of the three years ending 31 March 2025 to be provided by Upbest Group to UBA Group on the part of UBA is more than 25%, according to Rule 14A.54 of the Listing Rules, such transactions are subject to the approval by the UBA Independent Shareholders at UBA EGM.

* For identification purpose only

LETTER FROM THE BOARD

Although the proposed annual caps for the Management Fee and Performance Fee under the 2022 Investment Management Agreement for each of the three Financial Years ending 31 March 2025 are less than HK\$10 million, one of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) on the part of UBA is more than 25%. Thus, the transactions contemplated under the 2022 Investment Management Agreement on the part of UBA are subject to the approval by the UBA Independent Shareholders at the UBA EGM.

The purpose of this circular is to (i) provide the Shareholders with information on the CCT Agreements and their respective annual caps for the three Financial Years ending 31 March 2023, 2024 and 2025 respectively; (ii) 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; (iii) 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 (iv) give a notice to the Shareholders on convening the EGM.

II. BACKGROUND OF THE CONTINUING CONNECTED TRANSACTIONS

References are made to the joint announcement by the Company and Upbest dated 25 January 2019 and the circulars of each of Upbest and the Company both dated 28 February 2019, in relation to, among other things, the continuing connected transactions on the part of the Upbest Group with the UBA Group.

As disclosed in the 2019 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 investment 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. Various agreements have been entered into between Upbest Group and UBA Group relating to the provision of assets management services, securities margin financing services and precious metals margin financing services.

As disclosed in the 2019 Joint Announcement, on 25 January 2019, various members of the Upbest Group and the UBA Group entered into the 2019 CCT Agreements in relation to the provision of securities margin financing and initial public offer financing services, precious metal margin financing services and asset management services by the Upbest Group to the UBA Group. The entering into of the 2019 CCT Agreements constituted continuing connected transactions on the part of the Upbest Group and UBA Group. The transactions contemplated under the 2019 Financial Assistance Supplemental Agreements and the 2019 Precious Metal Supplemental Agreement were subject to independent shareholders' approval 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 both held on 26 March 2019.

LETTER FROM THE BOARD

On 26 January 2022, 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 2022 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 1 April 2022 to 31 March 2025; and
- (b) UAML and UBA entered into the 2022 Investment Management Agreement to continue the engagement of UAML for provision of assets management services for a period commencing from 1 April 2022 to 31 March 2025.

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

Each of UBA, UBA Financial and Super Idea first entered into an agreement separately with UICL respectively on 15 November 2002, 13 March 2003 and 22 June 1999 (as supplemented by the first supplemental agreements dated 2 May 2008 as disclosed in the announcement dated 2 May 2008, the second supplemental agreements dated 11 February 2010 as disclosed in the announcement dated 11 February 2010, the third supplemental agreements dated 28 January 2013 as disclosed in the announcement dated 28 January 2013, the fourth supplemental agreements dated 26 January 2016 as disclosed in the announcement dated 26 January 2016 and the fifth supplemental agreements dated 25 January 2019 as disclosed in the announcement dated 25 January 2019) in respect of the provision of securities margin financing services and the initial public offer financing services by UICL to the UBA Group.

On 26 January 2022, each of UBA, UBA Financial and Super Idea had separately entered into the 2022 Financial Assistance Supplemental Agreements with UICL in relation to the provision of securities margin financing services and the initial public offer financing services by UICL to UBA Group. According to the 2022 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 1 April 2022 to 31 March 2025 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 15 November 2002 (including any supplemental agreement) to any of its wholly owned subsidiaries.

LETTER FROM THE BOARD

Save as disclosed above, the relevant original agreements regarding the securities margin financing services and the initial public offer 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 of OCBC Wing Hang Bank Limited* 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 term	:	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 of the Upbest Group from OCBC Wing Hang Bank Limited 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 borrowing costs of the Upbest Group represent the actual interest rate charged by OCBC Wing Hang Bank Limited.

HISTORICAL DATA

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

* https://www.ocbcwhhk.com/whb/action/rate/whbRate.do?locale=en-us&id=prime_lending_rate

LETTER FROM THE BOARD

The maximum amounts at a particular point of time of securities margin loans advanced by Upbest Group to UBA Group during each of the three years ended 31 March 2021 and the nine months ended 31 December 2021 are shown below:

	During the Financial Year ended 31 March 2019 (HK\$'000)	During the Financial Year ended 31 March 2020 (HK\$'000)	During the Financial Year ended 31 March 2021 (HK\$'000)	During the nine months ended 31 December 2021 (HK\$'000)
Securities margin loans				
Maximum amounts (approximately)	4,208	15,353	Nil	Nil

The amounts of securities margin loans advanced by Upbest Group to UBA Group as at 31 March 2019, 31 March 2020, 31 March 2021 and 31 December 2021 are shown below:

	As at 31 March 2019 (HK\$'000)	As at 31 March 2020 (HK\$'000)	As at 31 March 2021 (HK\$'000)	As at 31 December 2021 (HK\$'000)
Securities margin loans (approximately)	Nil	Nil	Nil	Nil

The maximum amounts of initial public offer financing advanced by Upbest Group to UBA Group during each of the three years ended 31 March 2021 and the nine months ended 31 December 2021 are shown below:

	During the Financial Year ended 31 March 2019 (HK\$'000)	During the Financial Year ended 31 March 2020 (HK\$'000)	During the Financial Year ended 31 March 2021 (HK\$'000)	During the nine months ended 31 December 2021 (HK\$'000)
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 advanced by Upbest Group to UBA Group during each of the three years ended 31 March 2021 and the nine months ended 31 December 2021 are shown below:

	During the Financial Year ended 31 March 2019 (HK\$'000)	During the Financial Year ended 31 March 2020 (HK\$'000)	During the Financial Year ended 31 March 2021 (HK\$'000)	During the nine months ended 31 December 2021 (HK\$'000)
Precious metal margin loans				
Maximum amounts (approximately)	Nil	Nil	Nil	Nil

CAP AMOUNT FOR FINANCIAL ASSISTANCE

The historical annual caps for the financial assistance under the 2019 Financial Assistance Supplemental Agreements and the 2019 Precious Metal Supplemental Agreement for each of the three years ending 31 March 2022 were set at HK\$64,000,000.

UGS and UBA Gold will not further extend the terms of the Precious Metal Financial Assistance Agreement in relation to the provision of precious metal margin financing service by UGS to UBA Gold upon its expiry on 31 March 2022. 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 under the 2022 Financial Assistance Supplemental Agreements for each of the three Financial Years ending 31 March 2025 should be set at HK\$46,000,000. 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 investment 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\$23,000,000 and thus subscribing two initial public offerings at the same time shall amount to approximately HK\$46,000,000. While the maximum amount of margin loans advanced by Upbest Group to UBA Group during the three years ended 31 March 2021 was approximately HK\$15 million, UBA Board expects higher usage of financial assistance as the UBA Group started to invest in more relatively high yield and more stable listed securities, especially the bank and telecommunication sectors since 2020 due to the negative impact from the COVID-19 and UBA Board would like to maintain sufficient cashflow for some potential high yield listed securities and unlisted equity investment in the coming years. Taking into account the number and the fund raising amount of initial public offerings in Hong Kong in 2022 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

LETTER FROM THE BOARD

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 31 March 2025 is fair and reasonable.

Internal Control Procedures

In order to ensure that the interest rates offered under each of the 2022 Financial Assistance Supplemental Agreements 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 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. As the interest rates for the securities margin financing offered in the market and the prime rate are stable in the past three years, the Directors considered that comparing the interest rates on a half-year basis is sufficient. The financial controller of the Company will then summarise the relevant findings and report to the management immediately in case of any irregularity. The Board will discuss with Upbest to ensure that the interest rates charged by Upbest Group are fair and reasonable, on normal commercial terms and are no less favourable than those offered by independent third parties. The Company may also consider engaging other independent service providers to provide such services if other service provider(s) would provide better terms.

As the interest rates for initial public offering financing offered in the market are mostly determined on a case-by-case basis when there is an initial public offering in the market, the financial controller of the Company will gather and compare the interest rates for initial public offering financing offered by Upbest Group to UBA Group against those offered by at least two independent service providers on every transaction so as to determine if the interest rate 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 Company may consider engaging other independent service providers to provide such services if other service provider(s) would provide better terms.

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 2022 Financial Assistance Supplemental Agreements and UBA can engage other service provider(s) in the event that the other service provider(s) would provide better services and terms.

LETTER FROM THE BOARD

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 2022 Financial Assistance Supplemental Agreements 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 2022 INVESTMENT MANAGEMENT AGREEMENT

As disclosed in the 2019 Joint Announcement, Upbest Group has been providing assets management services to UBA since December 2000 and on 25 January 2019, UAML and UBA entered into the 2019 Investment Management Agreement pursuant to which UAML provided assets management services to UBA for a period commencing from 1 April 2019 to 31 March 2022.

On 26 January 2022, UAML and UBA entered into the 2022 Investment Management Agreement pursuant to which UAML will provide assets management services to UBA for a period commencing from 1 April 2022 to 31 March 2025. For the avoidance of doubt, the 2019 Investment Management Agreement will remain in full force and effect until and upon the 2022 Investment Management Agreement becoming effective.

As consideration for UAML's provisions of assets management services to UBA pursuant to the 2022 Investment Management Agreement, UAML is entitled to the Management Fee and the Performance Fee. The terms in respect of the Management Fee and the Performance Fee under the 2022 Investment Management Agreement for the assets management services were the same as the 2019 Investment Management Agreement.

Management Fee

The monthly Management Fee is payable by UBA in advance and amounts to 1.5% 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.

LETTER FROM THE BOARD

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 UBA and the Stock Exchange, and in any event not later than 180 calendar days after the publication of the same.

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

- (a) take account of any adjustments to the share capital of UBA during any relevant Financial Year;
- (b) take account of any buy-back or redemption of the shares of UBA during any relevant Financial Year; and
- (c) take no account of (that is, include in the calculation of the Net Asset Value as if such distributions or fees had never been made or paid) any distributions or dividends made by UBA or any fees paid to UAML pursuant to the 2022 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 2022 Investment Management Agreement is greater than the relevant annual caps (the “**Annual Caps**”) to be approved by the UBA Independent Shareholders and Upbest Independent Shareholders (if applicable), UBA and UAML shall negotiate in good faith and take such necessary action(s) to comply with the relevant Listing Rules.

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 31 March 2021 and the nine months ended 31 December 2021 are shown below:

	For the Financial Year ended 31 March 2018 (HK\$'000)	For the Financial Year ended 31 March 2019 (HK\$'000)	For the Financial Year ended 31 March 2020 (HK\$'000)	For the Financial Year ended 31 March 2021 (HK\$'000)	For the nine months ended 31 December 2021 (HK\$'000)
Management Fee	2,446	2,243	2,075	1,621	1,191
Performance Fee	Nil	Nil	Nil	Nil	Nil
Total	<u>2,446</u>	<u>2,243</u>	<u>2,075</u>	<u>1,621</u>	<u>1,191</u>

LETTER FROM THE BOARD

CAP AMOUNT FOR MANAGEMENT FEE AND PERFORMANCE FEE

The historical annual caps for the Management Fee and the Performance Fee under the 2019 Investment Management Agreement for each of the three years ending 31 March 2022 were set at HK\$8,600,000, HK\$9,100,000 and HK\$9,600,000 respectively.

The Upbest Board and UBA Board respectively proposed that the annual cap for the Management Fee and the Performance Fee under the 2022 Investment Management Agreement for each of the Financial Years up to 31 March 2025 shall be as follows:

	For the Financial Year ending 31 March 2023 (HK\$'000)	For the Financial Year ending 31 March 2024 (HK\$'000)	For the Financial Year ending 31 March 2025 (HK\$'000)
Management Fee	1,700	1,800	1,900
Performance Fee	4,400	4,400	4,400
Total (approximately)	<u>6,100</u>	<u>6,200</u>	<u>6,300</u>

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 30 September 2021 and unaudited management accounts for the nine months ended 31 December 2021 of the UBA Group, with an estimated annual growth rate of 6%;
- (ii) the annual caps of the Performance Fee calculated based on the average of the estimated Performance Fee of the relevant Financial Years under the 2022 Investment Management Agreement (based on the net asset value of the UBA Group with an estimated annual growth rate of 6%) of HK\$nil and the highest Performance Fee in the past few Financial Years (i.e. approximately HK\$8,777,000 in year 2015); and
- (iii) the general performance and fluctuations in the stock market, the global economy and the UBA's performance in the past years,

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

The Management Fee and the Performance Fee under the 2022 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.

LETTER FROM THE BOARD

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 2022 Investment Management Agreement will remain as the Net Asset Value as at 31 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. Considering the negative impact of the outbreak of COVID-19 on the market condition in the past two years and the expectation that the Hong Kong economy will gradually stabilize and the performance of the stock market may gradually improve, upon arm's length negotiation between the Company and the Upbest Group, it is agreed that the financial year ended 31 March 2019 should be kept as the Reference Year for the determination of the High Watermark in the 2022 Investment Management Agreement. In the case that the Net Asset Value after the first year (i.e. the year ending 31 March 2023) exceeds that of the Reference Year, Upbest Group has to perform better for 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 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 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 High Watermark provision, the highest Performance Fee in the past few 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. As the investment manager of UBA, UAML is a connected person of UBA pursuant to Rule 14A.08 of the Listing Rules. As such, the transaction contemplated by the 2022 Investment Management Agreement constitutes continuing connected transactions of UBA under Chapter 14A of the Listing Rules. Although the proposed annual caps for the Management Fee and the Performance Fee under the 2022 Investment Management Agreement for each of the three years ending 31 March 2025 is less than HK\$10 million, one of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) on the part of UBA is more than 25%. Thus, the transactions contemplated under the 2022 Investment Management Agreement on the part of UBA are subject to the approval by the UBA Independent Shareholders at the UBA EGM.

LETTER FROM THE BOARD

V. INFORMATION OF THE COMPANY AND UPBEST

UBA is an investment company listed under Chapter 21 of the Listing Rules and its principal activities are investment in listed securities and unlisted securities for their potential earnings growth and capital appreciation. Each of UBA Financial and Super Idea, is a wholly-owned subsidiary of UBA. UBA Financial is a company incorporated in Hong Kong with limited liability and is principally engaged in investment holding. Super Idea is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding.

The principal activity of Upbest is investment holding. Its subsidiaries are principally engaged in securities broking, futures broking, securities margin financing, money lending, corporate finance advisory, asset management, and precious metal trading and property investment. Each of UAML, UICL and UGS is a wholly-owned subsidiary of Upbest. UAML is a company incorporated in Hong Kong with limited liability and is a licensed corporation under the SFO and principally engaged in the provision of type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities. UICL is a company incorporated in Hong Kong with limited liability and is a licensed corporation under the SFO and principally engaged in the provision of type 8 (securities margin financing) regulated activities. UGS is a company incorporated in Hong Kong with limited liability and is principally engaged in the provision of bullion dealing and precious metal margin financing services.

VI. REASONS FOR THE TRANSACTIONS

Upbest Group has been providing assets management services to UBA since December 2000. Upbest Group also provides securities margin financing services since the commencement of business of UBA Group in year 2000. Upbest Group also provides the securities brokerage services since the commencement of business of UBA Group. 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 2022 Financial Assistance Supplemental Agreements and the 2022 Investment Management Agreement will benefit the Company and the UBA Shareholders as a whole. In view of the long term business relationship since then and operational convenience brought to the 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, securities brokerage services and securities margin financing services for UBA Group.

The UBA Board (including the independent non-executive Directors) are of the view that the 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 UBA and the UBA Shareholders as a whole and in the ordinary and usual course of business of the UBA Group.

LETTER FROM THE BOARD

VII. CONTINUING CONNECTED TRANSACTIONS

For the reasons stated above, the transactions contemplated under the CCT Agreements 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 Upbest, and an independent non-executive director of UBA who has resigned with effect from 1 April 2022, 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.

Since the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) of the proposed annual cap of the Financial Assistance for each of the three years ending 31 March 2025 to be provided by Upbest Group to UBA Group on the part of UBA is more than 25%, according to Rule 14A.54 of the Listing Rules, such transactions are subject to the approval by the UBA Independent Shareholders at UBA EGM.

Although the proposed annual caps for the Management Fee and the Performance Fee under the 2022 Investment Management Agreement for each of the three years ending 31 March 2025 are less than HK\$10 million, one of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) on the part of UBA is more than 25%. Thus, the transactions contemplated under the 2022 Investment Management Agreement on the part of UBA are subject to the approval by the UBA Independent Shareholders at the UBA EGM.

As at the Latest Practicable Date, Fung Fai holds 340,000,000 Shares, representing approximately 26.74% of the issued share capital of UBA and had control or entitled to exercise control over the voting rights in respect of these Shares. The ultimate beneficial owner of 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. Therefore, **Fung Fai and its associates shall abstain from voting in the UBA EGM to be convened for the approval of, inter alia, the transactions contemplated under the 2022 Financial Assistance Supplemental Agreements and the 2022 Investment Management Agreement.**

UBA will convene the UBA EGM for the approval of the relevant transactions. UBA has appointed Central China International Capital Limited as the independent financial adviser to advise the UBA Independent Board Committee and the UBA Independent Shareholders on the terms of the CCT Agreements and the relevant cap amounts in respect of the Continuing Connected Transactions which require approval from the UBA Independent Shareholders.

LETTER FROM THE BOARD

VIII. THE INDEPENDENT BOARD COMMITTEE

UBA Independent Board Committee comprising three independent non-executive Directors having no material interest in these transactions, namely, Dr. FUNG Lewis Hung, Mr. TANG Hon Bui, Ronald and Mr. KWOK Ming Fai, has been formed to advise the UBA Independent Shareholders in relation to the Financial Assistance and the transactions contemplated under the 2022 Investment Management Agreement. Mr. CHAN Chung Yee, Alan, an independent non-executive director of Upbest, and an independent non-executive director of UBA who has resigned with effect from 1 April 2022, was considered to have a conflict of interest in these transactions for his dual role and therefore was not appointed a member of the UBA Independent Board Committee.

IX. EGM

Set out on pages EGM-1 to EGM-4 is a notice convening the EGM to be held at 16th Floor, Wah Kit Commercial Centre, 300 Des Voeux Road Central, Hong Kong on Friday, 29 April 2022 at 2:30 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.

Due to the recent development of the COVID-19 pandemic and in view of the latest regulations in Hong Kong to combat the spread of COVID-19, Shareholders are reminded to refer to the section headed “Special Arrangements For the EGM” on page ii of this circular for the special arrangements for the EGM.

To enable Shareholders to participate in the EGM, the Company will arrange live video broadcast via Tricor e-Meeting System during the EGM. In order to participate in the EGM through live video broadcast, Shareholders will need to visit the designated URL link by using the unique login details which will be despatched to the Shareholders by post on or around 8 April 2022. However, such Shareholders will not be considered as attending the EGM in person, will not be counted as part of the quorum under the articles of association of the Company, and will not be allowed to cast their votes by electronic means at the EGM. **Shareholders who wish to exercise his/her/its voting rights are strongly encouraged to appoint the chairman of the EGM as their proxy to vote on the relevant resolutions at the EGM.**

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete and return the accompanying proxy form to the Hong Kong branch share registrar of the Company, Tricor Standard Limited (a) at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong in accordance with the instructions printed thereon; or (b) by submitting the form of proxy electronically via the Tricor e-Meeting System in accordance with the instructions printed on the accompanying notification letter, in each case as soon as possible and in any event no later than 2:30 p.m. on Wednesday, 27 April 2022, or not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of a form of proxy shall not preclude you from attending and voting at the EGM or any adjournment thereof should you so wish, and in such event, the form of proxy shall be deemed to be revoked.

LETTER FROM THE BOARD

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 Tuesday, 26 April 2022 to Friday, 29 April 2022 (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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration, not later than 4:30 p.m. on Monday, 25 April 2022.

X. RECOMMENDATION

The Board considers that the terms of the Continuing Connected Transactions and their respective annual caps 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 resolutions 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 20 to 21 of this circular; and (ii) the letter of advice from Central China International Capital Limited set out on pages 22 to 56 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.

XI. 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 INDEPENDENT BOARD COMMITTEE



UBA INVESTMENTS LIMITED

開明投資有限公司*

(incorporated in Cayman Islands with limited liability)

(Stock code: 768)

4 April 2022

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

We refer to the circular of the Company dated 4 April 2022 (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 whether the 2022 Financial Assistance Supplemental Agreements and the 2022 Investment Management Agreement were entered into in the ordinary and usual course of business of the Group, whether the terms of the Financial Assistance, the terms of the 2022 Investment Management Agreement and the transactions contemplated thereunder and the respective annual caps, are on normal commercial terms, 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, the 2022 Investment Management Agreement and the transactions contemplated thereunder and the relevant annual caps.

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 and the terms of the 2022 Investment Management Agreement 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 22 to 56 of the Circular.

Your attention is also drawn to the letter from the Board set out on pages 5 to 19 of the Circular and the additional information set out in the appendix of the Circular.

LETTER FROM INDEPENDENT BOARD COMMITTEE

Having considered the terms of the Financial Assistance, the terms of the 2022 Investment Management Agreement and the advice of Central China International Capital Limited, we are of the opinion that the 2022 Financial Assistance Supplemental Agreements and the 2022 Investment Management Agreement were entered into in the ordinary and usual course of business of the Group, the Financial Assistance, the 2022 Investment Management Agreement and the transactions contemplated thereunder, and the respective annual caps are on normal commercial terms and the terms of the Financial Assistance and the 2022 Investment Management Agreement 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 resolutions to be proposed at the EGM to approve the Financial Assistance, the 2022 Investment Management Agreement and the transactions contemplated thereunder, and the respective 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*

Mr. KWOK Ming Fai
*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 1505-1508
Two Exchange Square
8 Connaught Place
Central, Hong Kong

4 April 2022

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

Dear Sirs/Madam,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser (the “**IFA**”) to the Independent Board Committee (the “**IBC**”) and the Independent Shareholders in respect of the Continuing Connected Transactions (“**CCTs**”), details of which are set out in the Letter from the Board contained in the circular of UBA to the Shareholders dated 4 April 2022 (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 26 January 2022, various members of the Upbest Group and the UBA Group entered into the 2022 Financial Assistance Supplemental Agreements to extend the engagement of the Upbest Group to provide securities margin financing and initial public offer (“**IPO**”) financing services to the UBA Group from 1 April 2022 to 31 March 2025. Also, on 26 January 2022, UAML and UBA entered into the 2022 Investment Management Agreement (the “**2022 IM Agreement**”) to continue with the engagement of UAML for provision of assets management services to UBA from 1 April 2022 to 31 March 2025.

CCT AGREEMENTS

The CCT Agreements consist of the following agreements.

2022 Financial Assistance Supplemental Agreements

For the reasons set out in the Letter from the Board of the Circular, the transactions contemplated under the 2022 Financial Assistance Supplemental Agreements are considered to be CCTs under the Listing Rules. Since the applicable percentage ratios (as defined under Listing Rule 14.07) of the proposed annual caps of the Financial Assistance for each of the three years ending 31 March 2025 to be provided by the Upbest Group to the UBA Group on the part of UBA are more than 25%, according to Listing Rule 14A.54, such transactions are subject to, among other things, approval by the Independent

LETTER OF ADVICE FROM THE INDEPENDENT FINANCIAL ADVISER

Shareholders at the UBA EGM.

2022 IM Agreement

UAML has been acting as UBA's investment manager since December 2000 and engaged to provide assets management services to UBA on normal commercial terms in the ordinary and usual course of business. UAML is therefore a connected person of UBA pursuant to Listing Rule 14A.08. As such, the transactions contemplated under the 2022 IM Agreement also constitute CCTs of UBA under Chapter 14A of the Listing Rules. Although the proposed annual cap for the management fee (the "**Management Fee**") and the performance fee (the "**Performance Fee**") under the 2022 IM Agreement for each of the three Financial Years (the "**FYs**") ending 31 March 2025 is noted to be less than HK\$10 million, one of the applicable percentage ratios (as defined under Listing Rule 14.07) on the part of UBA is more than 25 percent (or "%"). Thus, the transactions contemplated under the 2022 IM Agreement on the part of UBA are subject to approval by Independent Shareholders at the UBA EGM.

THE INDEPENDENT BOARD COMMITTEE

The IBC comprises three independent non-executive directors ("**INEDs**") having no material interest in these transactions, namely, Dr. FUNG Lewis Hung, Mr. TANG Hon Bui, Ronald and Mr. KWOK Ming Fai, and has been formed to advise the Independent Shareholders in relation to the CCT Agreements. Mr. CHAN Chung Yee, Alan, who is an INED of Upbest, and an INED of UBA who has resigned with effect from 1 April 2022, is considered to have a conflict of interest in the CCT Agreements and the transactions contemplated thereunder because of his dual role, and consequently he is required to abstain from voting on the UBA Board resolutions approving the CCT Agreements and the transactions contemplated thereunder.

THE INDEPENDENT FINANCIAL ADVISER

As the IFA to the IBC and the Independent Shareholders, we, Central China International Capital Limited, are required by the Listing Rules to give an independent opinion to the IBC and the Independent Shareholders as to (i) whether the terms of the Financial Assistance provided by the Upbest Group to the UBA Group and the terms of the 2022 IM Agreement, the transactions contemplated thereunder and the respective annual caps, are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the relevant resolution(s) to be proposed at the UBA EGM.

OUR INDEPENDENCE

In February 2019 we were engaged as the independent financial adviser in relation to the Company's continuing connected transactions (details of which were set out in the Company's circular dated 28 February 2019). We have not acted as an independent financial adviser or financial adviser for other transactions of the Company in the last two years prior to the date of the Circular. Given that the remuneration for our engagement to opine on the 2022 Financial Assistance Supplemental Agreements and the 2022 IM Agreement and the transactions contemplated thereunder (including the proposed annual

LETTER OF ADVICE FROM THE INDEPENDENT FINANCIAL ADVISER

caps) is at market level and not conditional upon successful passing of the relevant resolution(s) at the UBA EGM, and that none of the circumstances which are set out in Listing Rule 13.84 existed as at the Latest Practicable Date, our engagement is on normal commercial terms and we confirm that we are independent of and not associated with the Company, its substantial shareholder(s) or connected person(s). Accordingly, we consider that we are independent to act as the IFA in this case.

BASIS OF OUR OPINION AND RECOMMENDATION

In formulating our opinion we have reviewed, among other things, (i) the 2000 Investment Management Agreement, 2003 Investment Management Agreement (and their subsequent supplemental agreements), 2019 Investment Management Agreement, drafts and executed version of the 2022 IM Agreement, 2016 Financial Assistance Supplemental Agreements, 2019 Financial Assistance Supplemental Agreements, 2022 Financial Assistance Supplemental Agreements; (ii) supporting documents and calculation breakdown provided by the Company; (iii) the Company's annual reports for the two FYs ended 31 March 2020 and 2021 and its interim report for the six months ended 30 September 2021; (iv) previous circulars in respect of the Group's CCTs with the Upbest Group in 2013, 2016 and 2019; and (v) other information as set out in the Circular. In addition, we conducted an independent research on the latest market rates and practices, with a view to 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 those provided to us by management (the "**Management**") of the Company. We have assumed that all information and representations contained or referred to in the Circular and provided to us by 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 Management.

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 further 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 Management, nor have we conducted an independent investigation into the business and affairs of the UBA Group and their respective associates.

LETTER OF ADVICE FROM THE INDEPENDENT FINANCIAL ADVISER

This letter is issued for the information of the IBC and the Independent Shareholders solely in connection with their consideration of the CCTs, 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 IBC and the Independent Shareholders regarding the CCT Agreements (except the 2022 Securities Brokerage Supplemental Agreements) and the transactions contemplated thereunder (including the proposed respective annual caps), we have considered the following principal factors and reasons:

1. Information on the UBA Group and the Upbest Group

UBA is an investment company listed under Chapter 21 of the Listing Rules and its principal activities are making investments in listed securities and unlisted securities for their potential earnings growth and capital appreciation. Each of UBA Financial and Super Idea is a wholly owned subsidiary of UBA and is engaged in investment holding.

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

2. Reasons for the transactions

The Upbest Group has been providing, among others, securities margin financing services and assets management services to the UBA Group since 2000. In view of the long-term business relationship and the good performance of UBA during the past FYs, the UBA Board considers that the entering into of the 2022 Financial Assistance Supplemental Agreements, the 2022 IM Agreement and the 2022 Securities Brokerage Supplemental Agreements will benefit the Company and the Shareholders as a whole. Moreover, in view of the long term business relationship and operational convenience brought to the UBA Group, the UBA Board considers that it would be in the best interests of the Shareholders to continue to engage the Upbest Group to provide assets management services and securities brokerage services to the UBA Group.

The UBA Board (including the INEDs) 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 the transactions is in the interests of UBA and its Shareholders as a whole and in the ordinary and usual course of business of the UBA Group.

3. 2022 Financial Assistance Supplemental Agreements

(a) Background

Each of Super Idea, UBA, UBA Financial first entered into an agreement with UICL (collectively the “**Contracting Parties**”) separately on 22 June 1999, 15 November 2002 and 13 March 2003 in respect of provision of securities margin financing services and IPO financing services by the Upbest Group to the UBA Group (collectively the “**Original Agreements**”), which were supplemented by the first supplemental agreements dated 2 May 2008, the second supplemental agreements dated 11 February 2010, the third supplemental agreements dated 28 January 2013, the fourth supplemental agreements dated 26 January 2016 and the fifth supplemental agreements dated 25 January 2019.

When we inquired as to whether the Contracting Parties had signed one agreement in respect of securities margin financing and another agreement as regards IPO financing services, the Management explained that the Original Agreements were uniform margin client’s agreements in respect of the provision of securities margin financing services by UICL to Super Idea, UBA and UBA Financial, which also encompassed the provision of margin-related IPO financing services. Accordingly, the Contracting Parties did not enter into a separate agreement in respect of provision of IPO financing services, as such services were within the scope of the uniform margin client’s agreements.

We reviewed the Original Agreements and noted that each one of them was entitled “Uniform Margin Client’s Agreement” and the terms therein were no different from those in the margin client’s agreements that UICL enters into with other margin clients, a sample copy of which was provided by the Upbest Group to us for review. We also reviewed each of the five supplemental agreements to the Original Agreements, which provided, among other things, that the Contracting Parties had agreed to enter into the supplemental agreements so as to amend and supplement the Original Agreements by extending the service periods in the Original Agreements to the periods as stated in the supplemental agreements and that, save as varied or supplemented by the supplemental agreements, the Original Agreements remained in full force and effect.

On 26 January 2022, each of Super Idea, UBA and UBA Financial entered into the 2022 Financial Assistance Supplemental Agreements with UICL in relation to, among other things, the extension of the term for provision of securities margin financing and IPO financing services by UICL to the UBA Group from 1 April 2022 to 31 March 2025, which is subject to renewal by written supplemental agreements between the contracting parties.

Save as disclosed above, the relevant Original Agreements regarding the securities margin financing services and IPO financing services shall in all respects remain and continue in full force and effect.

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(b) *Payment terms of the 2022 Financial Assistance Supplemental Agreements*

The payment terms of the 2022 Financial Assistance Supplemental Agreements are determined on the same bases as their respective Original Agreements, which are set out below.

(i) *Securities margin financing*

Payment terms:	Payment on demand
Collateral term:	Pledge of any acceptable security interest by way of security for loans and advances
Interest rate:	4.25% above the prime rate of OCBC Wing Hang Bank Limited* (“OCBC”) 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) *IPO financing*

Payment terms:	Payment on demand
Collateral term:	Pledge of any acceptable security interest by way of security for loans and advances
Interest rate:	0.20% to 1.50% above the borrowing costs of the Upbest Group from OCBC 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 borrowing costs of the Upbest Group represent the actual interest rate charged by OCBC.

* https://www.ocbcwhhk.com/whb/action/rate/whbRate.do?locale=en-us&id=prime_lending_rate

LETTER OF ADVICE FROM THE INDEPENDENT FINANCIAL ADVISER

(c) *Historical data*

The Upbest Group had previously provided financing services to the UBA Group including, among other things, (i) securities margin financing services; and (ii) IPO financing services pursuant to the relevant agreements for the provision of such services.

The maximum amounts at a particular point of time of securities margin loans which had been advanced by the Upbest Group to the UBA Group during each of the three years ended 31 March 2019 to 2021 and the nine months ended 31 December 2021 are shown below:

During the Financial Year ended 31 March 2019 (HK\$'000)	During the Financial Year ended 31 March 2020 (HK\$'000)	During the Financial Year ended 31 March 2021 (HK\$'000)	During the nine months ended 31 December 2021 (HK\$'000)
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Securities margin loans

Maximum amounts

(approximately)	4,208	15,353	Nil	Nil
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The amounts of securities margin loans which had been advanced by the Upbest Group to the UBA Group as at 31 March 2019, 31 March 2020, 31 March 2021 and 31 December 2021 are shown below:

As at 31 March 2019 (HK\$'000)	As at 31 March 2020 (HK\$'000)	As at 31 March 2021 (HK\$'000)	As at 31 December 2021 (HK\$'000)
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Securities margin loans

(approximately)	Nil	Nil	Nil	Nil
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The maximum amounts of IPO financing which had been advanced by the Upbest Group to the UBA Group during each of the three years ended 31 March 2019 to 2021 and the nine months ended 31 December 2021 are shown below:

	During the Financial Year ended 31 March 2019 (HK\$'000)	During the Financial Year ended 31 March 2020 (HK\$'000)	During the Financial Year ended 31 March 2021 (HK\$'000)	During the nine months ended 31 December 2021 (HK\$'000)
IPO financing				
Maximum amounts (approximately)	Nil	Nil	Nil	Nil

4. Analysis on the Financial Assistance

(a) *Financial Assistance Cap*

The historical annual caps for the financial assistance under the 2019 Financial Assistance Supplemental Agreements for each of the three years ending 31 March 2022 were set at HK\$64,000,000. 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 under the 2022 Financial Assistance Supplemental Agreements for each of the three FYs ending 31 March 2022 to 2025 be set at HK\$46,000,000. The above annual cap was determined by reference to, among others, the historical figures of the financial assistance and the assumption of UBA subscribing for two IPOs at the same time, subject to the limit that the value of the investments does not exceed 20% of the net asset value (the “NAV”) of UBA as required under Listing Rule 21.04(3)(b).

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The Company estimated its NAV in the years 2022 to 2024 based on its historical NAVs in the previous three FYs, as set out in the table below:

Table 1

Date as at	NAV <i>(HK\$'000)</i> <i>(approximately)</i>
31 March 2019	158,000
30 September 2019	127,000
31 March 2020	113,400
30 September 2020	95,000
31 March 2021	104,700
30 September 2021	103,000
31 December 2021	101,500
Average NAV	115,000
20% of Average NAV	23,000
Proposed Cap (20% of average NAV x 2 IPOs)	46,000

The Management, upon being inquired as to how the proposed annual caps for the Financial Assistance were arrived at, explained that while the maximum amount of the margin loans advanced by the Upbest Group to the UBA Group during the three years ended 31 March 2021 was approximately HK\$15 million, the UBA Board expected a higher usage of financial assistance in the next three years as the UBA Group has started to invest in high yield and more stable securities of listed companies in, particularly, the banking and telecommunication sectors since 2020 due to the negative economic impact caused by the COVID-19 pandemic (the “**Pandemic**”). The Company has also been buying shares of more unlisted companies since 2016. Accordingly, the Company would like to maintain sufficient cash flow for the purpose of investing in listed securities of higher yields and making more unlisted equity investments, should such investment opportunities arise in the future.

Taking into account the number and the fund raising amounts of IPOs in Hong Kong in 2022 as anticipated by certain international accounting firms, the UBA Board expected that margin financing would be increasingly used for IPO financing, and considered it important to maintain higher annual caps in order to capitalise on these investment opportunities in the future. Moreover, having considered that the UBA Group may place more emphasis on one type of transaction under the Financial Assistance than the others based on the market trend, the UBA Board further considered that it would be more beneficial for the Company to refrain from allocating a specific cap for each type of the transactions under the Financial Assistance so as to equip the UBA Group with more flexibility to capitalise on future investment opportunities.

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To assess the fairness and reasonableness of the proposed annual caps and the basis thereof, we (i), as stated above, inquired with the Management regarding the rationale on which the proposed annual cap amounts were determined; (ii) inspected the relevant supporting documents provided by the Management, including, but not limited to, information regarding the IPO market prospects in 2022 and the historical data of the Group's utilisation of the financial assistance; and (iii) performed desktop search on the Hong Kong IPO market prospects in 2022 and examined research reports and online articles published by, among others, two Big 4 accounting firms, namely, KPMG and Ernst & Young¹, banks such as JP Morgan Chase² & Co and Bank of China (Hong Kong) Limited³ and a local stock brokerage named ABCI Securities Company Limited⁴, (please refer to the footnotes below).

Our findings are summarised as follows: (i) comparing the two types of services included in the Financial Assistance, only the securities margin financing services had been engaged in by the Group for the FYs ended 31 March 2019 and 2020 (nil for FY ended 31 March 2021), as the Group's trading volumes for the IPO financing were nil during this 3-year period (please refer to above section 3(c) for details); (ii) it was 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 arising therefrom. That said, the Management also acknowledged the possibility that lucrative IPO opportunities might arise in the not distant future based on the analyses of certain international accounting firms; (iii) our independent desktop research echoes the Management's view that the overall fund raising volume in the local IPO market in 2022 would likely be subject to downward pressure. Nonetheless, some of the possible growth momentum driving the stock market in Hong Kong such as the impending migration of trading of listed issuers' securities from an overseas stock exchange to Hong Kong and the voluntary conversion of listing of US-listed PRC companies to a dual primary listing on the Stock Exchange, is likely to stabilise market conditions and boost market sentiment; and (iv) the annual caps for the Financial Assistance should not only provide sufficient limit for the regularly used securities margin financing service, whose maximum amount at a particular point of time was approximately HK\$15.4 million during the three years ended 31 March 2021, but also allow the Group to subscribe for a maximum of two IPOs at the same time, as indicated by the Management (please refer to section 4(a) and Table 1 above).

Based on the above, we are of the view that the Management made the estimation of the Group's investment needs on a prudent basis and in good faith and that it has used its best efforts to maximise the Group's ability to capitalise on investment opportunities should they arise. Since the annual caps of the Financial Assistance are proposed on such basis, we are of the opinion that they are fair and reasonable.

1. See, e.g., KPMG, "Mainland China and Hong Kong IPO markets: 2021 review and 2022 outlook" (<https://home.kpmg/cn/en/home/insights/2021/12/china-hk-ipo-2021-review-and-outlook-for-2022.html>); Ernest & Young, "EY Gives Forecast on Hong Kong IPO Market" on 21 December 2021 in an interview with an EY partner on a CNBC broadcast. See this link EY gives forecast on Hong Kong's IPO market in 2022 ([cnbc.com](https://www.cnbc.com)).
2. J.P. Morgan, "2022 Market Outlook: More Upside For Stocks, Economic Growth To Rebound" published on the official website on 15 December 2021, (<https://www.jpmorgan.com/insights/research/market-outlook-2022>).
3. Bank of China, "Assessment of the Strengths and Prospects of Hong Kong's Economic Growth" in November 2021 ([https://www.bochk.com/dam/investment/bocecon/SY2021032\(en\).pdf](https://www.bochk.com/dam/investment/bocecon/SY2021032(en).pdf)).
4. ABCI Securities Company Limited: Report titled "2022 Economic Outlook & Investment Strategy" (http://sec.abci.com.hk/medias/ABCI%202022%20Economic%20Outlook%20and%20Investment%20Strategy_20211201.pdf?1640758433.3276).

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(b) *Financial Assistance Fees*

We reviewed the terms of the 2022 Financial Assistance Supplemental Agreements and noted that there were no extraordinary items therein as no changes have been made to their 2019 counterparts. The 2022 Financial Assistance Supplemental Agreements are being entered into for the sole purpose of extending the financial assistance for another three years.

To assess the fairness and reasonableness of the proposed Financial Assistance fees, we conducted the following research.

(i) *Securities margin financing*

We selected, for comparison purposes, the following companies which have published interest rates for securities margin financing services on their respective websites. In our view, these selected companies are representative of market conditions for comparison purposes as (i) they are all listed companies which are under close supervision of the regulators; and (ii) they consist of securities firms, banks and financial institutions of different sizes and background. Their respective securities margin financing rates are set out in the table below.

Table 2

Company	Stock code	Securities margin financing interest rate (per annum)
BOCOM International Holdings Company Limited	3329	BOCOM prime rate ⁵ + 3%
Bright Smart Securities & Commodities Group Limited	1428	1-week HIBOR ⁶ + 4%
China Fortune Financial Group Limited	0290	Prime rate ⁷ + 6%
Guolian Securities Co., Ltd.	1456	8.35%
China Strategic Holdings Limited.	0235	HSBC Prime rate ⁸ + 3.5%
Cinda International Holdings Limited	0111	BOC prime rate ⁸ + 3%
Emperor Capital Group Limited	0717	Prime rate ⁷ + 3%
Guotai Junan International Holdings Limited	1788	HSBC Prime rate ⁸ + 3%

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Company	Stock code	Securities margin financing interest rate (per annum)
Haitong International Securities Group Limited	0665	6.3%
Orient Securities International Holdings Limited	8001	Prime rate ⁷ + 3%
Southwest Securities International Securities Limited	0812	HSBC Prime rate ⁸ + 3%
South China Financial Holdings Limited	0619	Standard Chartered prime rate ⁵ + 4%
CMBC Capital Holdings Limited	1141	Prime rate ⁷ + 4%
China Industrial Securities International Financial Group Limited	6058	Prime rate ⁷ + 3%
First Shanghai Securities Limited	227	Standard Chartered prime rate ⁵ + 3%
Victory Securities Company Limited	8540	Prime rate ⁷ + 2%

We noted from Table 2 above that the interest rates offered by the comparable companies range from 2% to 6% on top of their respective prime rates. We further noted that the comparable companies mainly adopt two prime rates, namely, 5.00% and 5.25%. As informed by the Management, the Upbest Group uses the prime rate of OCBC as a reference, which was 5.5% as at Latest Practicable Date since OCBC is the Upbest Group's principal banker.

The interest rate of 4.25% above OCBC's prime rate per annum offered by the Upbest Group is slightly higher than the market average set out in Table 2, but is justified on the following grounds:

- (a) The interest rate offered by the Upbest Group to the UBA Group does not appear to deviate materially from the range of interest rates mentioned above.

5. According to their respective company websites, the prime rate of each of Standard Chartered Bank and BOCOM as at the Latest Practicable Date was 5.25%.
6. According to the information published by the Hong Kong Association of Banks, the 1-week HIBOR as at the Latest Practicable Date was 0.19929%.
7. These companies have not specified on their websites which prime rate that they have adopted.
8. According to their respective company websites, HSBC and BOC prime rates as at the Latest Practicable Date was 5%.

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- (b) Having reviewed the summary of interest rates provided by the Upbest Group, we noted that the Upbest Group offers approximately 30 different interest rates to its clients, amongst which the interest rate of 4.25% above prime rate is offered to 61% of its clients, ranked first in terms of the number of clients. As a result, we are of the view that the interest rate offered under the 2022 Financial Assistance Supplemental Agreements in relation to securities margin financing services is a market rate offered by the Upbest Group to its clients in the usual and ordinary course of business of the Group.
- (c) As an industry practice, the broker firms may close the clients' margin positions without notice once the minimum maintenance margin requirements are not fulfilled. As confirmed by the Management, the UBA Group is, however, allowed relatively more time to respond to margin calls when the minimum margin requirement is not met. This is a more flexible arrangement afforded to the UBA Group based on the long-term business relationship and effective communication between the Upbest Group and the UBA Group, which goes some way towards justifying the slightly higher interest rate.
- (d) The Management also advised that while it is a common practice that securities brokers in the market act as agents to borrow money from banks and re-lend the amount to their clients for securities margin financing, the Upbest Group provides the financing service using its own internal funds and act as the principal creditor. Accordingly, the Upbest Group exercises its own discretion in advancing funds to its clients on its own terms. Since the Upbest Group and the UBA Group have established mutual trust from their long-term co-operation, the lending terms and conditions imposed by the Upbest Group on the UBA Group would be more flexible. This is an attractive and important point for the UBA Group as other financial institutions or lenders may not be as flexible as the Upbest Group, particularly when it comes to decisions on making margin calls. Such additional flexibility granted to the UBA Group again provides justification for the slightly higher interest rate offered by the Upbest Group.
- (e) The original securities margin financing agreements entered into by both the Upbest Group and the UBA Group were based on the standard contracts of the Upbest Group and the supplemental agreements thereafter were entered into for the sole purpose of extending the service periods. Accordingly, we are of the view that the terms and conditions of the securities margin financing services provided by the Upbest Group to the UBA Group are no less favourable than that those offered to independent third parties.

For the above reasons, we concur with the Management's view 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 the Shareholders as a whole.

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(ii) *IPO financing*

After inquiring with the Upbest Group, the Management confirmed that the Upbest Group determines the interest rates of its IPO financing services on a case-by-case basis after considering a number of factors, including, but not limited to, (i) popularity of individual IPOs in terms of subscriptions, (ii) price competitiveness; and (iii) other benefits brought to the Upbest Group. The Management further confirms that the interest rates offered to the UBA Group are in line with those offered to other independent third-party customers in the Upbest Group's ordinary and usual course of business.

We conducted 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, interest rates for IPO financing are mostly determined on a case-by-case basis. Thus, no directly comparable interest rates could be found. Notwithstanding the limited information on market rates, we are of the view that the interest rates and terms proposed under the 2022 Financial Assistance Supplemental Agreements in relation to IPO financing services are fair, reasonable and in the interest of the Company and Shareholders as whole, for the following reasons:

- (a) As confirmed by the Upbest Group, which was relayed to the Management, the spread of 0.20%-1.50% above the borrowing costs of the Upbest Group from OCBC per annum (the "**IPO Interest Rate**") represents the market rate offered by the Upbest Group to its other clients for provision of IPO financing services. According to the Upbest Group, (i) the spread of 0.20%-1.5% above the borrowing costs of the Upbest Group from OCBC per annum is similar to a service charge imposed by Upbest Group on top of the Upbest Group's borrowing costs from OCBC; (ii) this spread was set a long time ago and the Upbest Group could not recall the exact date of the setting due to the passage of time; (iii) the Upbest Group had not entered into any IPO financing agreements with other clients in the past 24 months; (iv) had there been such clients in the past 24 months, the interest rate for provision of IPO financing services offered to them would have been the same market rate, namely, 0.20%-1.5% above the borrowing costs per annum; and (v) when there is an IPO in the market, the interest rate offered to clients would be within this fixed spread of 0.20%-1.5% above the borrowing costs, with the actual rate to be determined by market circumstances at the time and on a case-by-case basis, but not beyond this range.

Our review of the Company's circulars issued in respect of the CCTs arising from the Contracting Parties entering into the Original Agreements and successive supplemental agreements showed that the interest rate in respect of provision of IPO financing services by the Upbest Group to the UBA Group had been slightly adjusted within a narrow range. However, the spread of 0.20%-1.5% above the borrowing costs of the Upbest Group from OCBC has been in use since April 2016 and remains the same under the 2022 Financial Assistance Supplemental Agreements.

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To determine the fairness and reasonableness of the Company's IPO Interest Rate, we reviewed the Company's internal control ("IC") policies and procedures in relation to IPO financing. It is noted that IPO financing offered in the market is mostly determined on a case-by-case basis when there is an IPO in the market, and, on such occasion, the financial controller of the Company (the "FC") is required to (i) gather and compare the interest rates for IPO financing offered by the Upbest Group to the UBA Group against those offered by (ii) at least two independent service providers ("ISPs") (iii) on every transaction, so as to determine if the interest rate offered by the Upbest Group is on normal commercial terms and on terms which are no less favourable to UBA Group than those offered by other ISPs. The findings and recommendations made by the FC in this regard will be (iv) reviewed by an executive director of the Company before a decision is made on whether to resort to IPO financing services. The Company may also consider (v) engaging other ISP(s) to provide IPO financing services if it/they would be able to provide better terms to it than the Upbest Group.

For the reasons stated above and bearing in mind that the actual interest rate of the provision of IPO financing services would be within the fixed spread of 0.20% to 1.50% of the Upbest Group's borrowing costs, we are of the view that the Company's IPO Interest Rate is, on balance, fair and reasonable, and that the pricing policy together with the Company's IC policies and procedures could help ensure that the IPO financing services offered by the Upbest Group to the UBA Group will be on normal commercial terms from time to time.

- (b) As advised by the Management, it is the Company's strategy to invest in private equity projects primarily with internal funds. For the FY ended 31 March 2021 the Company had invested in one unlisted company with fair value of approximately HK\$1.45 million (6-month interim period ended 30 September 2021: approximately HK\$1.9 million) and will continue with investments in shares of unlisted companies in the foreseeable future. According to the Management, the IPO financing services are solely engaged in to provide flexibility for the Company if there are changes in investment strategy or a sudden shortage of internal resources. We were further informed by the Management that there had not been any amount of IPO financing advanced to the Company by the Upbest Group for the FYs ended 31 March 2020 and 2021. Hence, while we agree that the IPO financing services have not been actively used by the Company, we are of the view that, with IPO financing services readily in place, the Shareholders' interest can be advanced in the long run as such services provide flexibility to the Company to capitalise on market opportunities as soon as they arise.
- (c) The original agreement on IPO financing services entered into by the Upbest Group and the UBA Group were on standard terms of the 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 those available to independent third parties.

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(c) *Internal control procedures*

To ensure that the interest rates offered under each of the 2022 Financial Assistance Supplemental Agreements are fair and reasonable, on normal commercial terms and on terms which are no less favourable to the UBA Group than those offered by other ISPs, the following personnel/parties of the Company are tasked with different duties under the Company's IC policies and procedures.

The FC will (i) gather and compare the interest rates for securities margin financing offered by the Upbest Group to the UBA Group with those offered by at least two ISPs on a regular half-year basis, and interest rate of IPO financing services on every transaction so as to determine if the interest rates offered by the Upbest Group are on normal commercial terms and on terms which are no less favourable to UBA Group than those offered by other ISPs. As the interest rates for the securities margin financing offered in the market and the prime rate have been relatively stable in the past three years, the Company considered that comparing the interest rates on a half-year basis is sufficient; and (ii) review and monitor the transaction amounts under the relevant CCTs on a monthly basis so as to ensure that the annual caps for the financial assistance approved by the Independent Shareholders will not be exceeded. As for the FC's job duties in relation to the interest rate of IPO financing services, please refer to above section 4(b)(ii)(a).

The INEDs and the auditors of the Company will conduct annual reviews of the relevant CCTs 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 Listing Rules 14A.55 and Rule 14A.56. In addition, while the UBA Group and the Upbest Group have enjoyed a long-standing business relationship, the Company is not obligated to use the services provided by the Upbest Group as a matter of course. Other ISP(s) will be considered for engagement if it/they could provide better terms and services than the Upbest Group.

We took the following actions to determine the adequacy and effectiveness the Company's IC policies and procedures. First, we compared the securities margin rates of the comparable companies referred to in above Table 2 with that of the comparable companies set out on page 35 of the IFA letter included in the Company's circular dated 28 February 2019 (the "**2019 IFA letter**") (we, Central China international Capital Limited, acted as the IFA to advise the IBC and Independent Shareholders regarding the CCTs in relation to the 2019 Financial Assistance Supplemental Agreements), and found that out of the 16 comparable companies listed in the current IFA letter, 11 of which such as BOCOM international, Bright Smart Securities, China Fortune Financial Group had also been included in the 2019 IFA letter, and that the securities margin interest rates of these 11 comparable companies had not changed during this 3-year period. Given the relative stability of the securities margin rates of the 11 comparable companies in the market and bearing in mind that the Company's interest rate in respect of securities margin financing, namely, 4.25% above OCBC's prime rate, has also not been changed since the Original Agreements were entered into, we are, on balance, of the view that the comparison of interest rates for securities margin financing on a half-year basis is appropriate and sufficient.

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Second, with regard to the comparison of interest rate of IPO financing services with that of two ISPs on every transaction by the FC, it is noted that since (i) the Company (a) has viewed subscription for shares in IPOs as a complementary equity investment activity; and (b) has not used IPO financing services since its FY ended 31 March 2011; and (ii) the IPO interest rate is determined on a case by case basis when there is an IPO in the market and the spread of 0.2%-1.5% above the borrowing costs of the Upbest Group is fixed, we consider that it would be fair and reasonable that, when there is an IPO in the market, the FC should gather and compare the interest rate for IPO financing services offered by the Upbest Group to the UBA Group against those offered by at least two ISPs on every transaction so as to determine if such interest rate being offered by Upbest Group is on normal commercial terms and on terms which are no less favourable to the UBA Group than those offered by other ISPs. The findings and recommendations of the FC in this regard, as mentioned before, would also be reviewed by an executive director of the Company. Finally, we reviewed the copy of the transaction amounts referred to in above second paragraph of this subsection and found that the Financial Assistance annual caps for the FY ended 31 March 2022 had not been exceeded.

Having taken the above steps, we are, on balance, satisfied with the adequacy and effectiveness of the Company's IC policies and procedures.

For the reasons stated above, we are of the opinion that the terms of the 2022 Financial Assistance Agreements, including the interest rates of the Financial Assistance, as well as the proposed annual caps thereunder are fair, reasonable, on normal commercial terms and in the interests of the Company and the Independent Shareholders as a whole.

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5. 2022 Investment Management Agreement

(a) *Background*

The Upbest Group has been providing assets management services to UBA since December 2000. On 25 January 2019, UAML and UBA entered into the 2019 Investment Management Agreement pursuant to which UAML provided assets management services to UBA from 1 April 2019 to 31 March 2022.

On 26 January 2022, UAML and UBA entered into the 2022 IM Agreement pursuant to which UAML will provide assets management services to UBA from 1 April 2022 to 31 March 2025. For the avoidance of doubt, the 2019 Investment Management Agreement will remain in full force and effect until and upon the 2022 IM Agreement becoming effective on 1 April 2022, upon approval by the Independent Shareholders at the UBA EGM.

As consideration for UAML's provision of assets management services to UBA pursuant to the 2022 IM Agreement, UAML is entitled to the Management Fee and the Performance Fee. The proposed terms in respect of the Management Fee and the Performance Fee for the 2022 IM Agreement are the same as those of the 2019 Investment Management Agreement.

Management Fee

The monthly Management Fee is payable by UBA in advance and amounts to 1.5% per annum of the NAV 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, the Company has also included a high watermark provision (the "**High Watermark**") for the payment of the Performance Fee as an incentive to UAML, namely, if the Company's NAV, as at the end of the relevant FY, exceeds the higher of:

- (a) the NAV as at the end of the Reference Year, i.e., the FY ended 31 March 2019; and
- (b) the NAV as at the end of the most recent FY after the Reference Year and in which the Performance Fee was paid,

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UBA will pay UAML the Performance Fee for the relevant FY in HK\$ equivalent to 20% of the amount by which the NAV exceeds the High Watermark as at the end of the relevant FY.

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 FY on the websites of UBA and the Stock Exchange, and in any event not later than 180 calendar days after the publication of the same.

For the purpose of calculating the Performance Fee, the NAV and, where applicable, the High Watermark shall be 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 FY;
- (b) take account of any buy-back or redemption of UBA's shares during any relevant FY; and
- (c) take no account of (that is, include in the calculation of the NAV 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 2022 IM Agreement during any relevant FY(s).

In the unlikely event that the aggregate amount of the Management Fee and the Performance Fee payable by UBA to UAML for any FY under the 2022 IM Agreement is greater than the relevant annual caps to be approved by the Independent Shareholders and Upbest independent shareholders (if applicable), UBA and UAML shall negotiate in good faith and take such necessary action(s) to ensure compliance with the requirements in the Listing Rules.

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(b) *Historical data*

The Upbest Group had previously provided assets management services to the UBA Group. The amounts of the Management Fee and the Performance Fee paid by UBA to UAML for each of the four years ended 31 March 2021 and the nine months ended 31 December 2021 are shown below:

	For the Financial Year ended 31 March 2018 (HK\$'000)	For the Financial Year ended 31 March 2019 (HK\$'000)	For the Financial Year ended 31 March 2020 (HK\$'000)	For the Financial Year ended 31 March 2021 (HK\$'000)	For the nine months ended 31 December 2021 (HK\$'000)
Management Fee	2,446	2,243	2,075	1,621	1,191
Performance Fee	Nil	Nil	Nil	Nil	Nil
Total	2,446	2,243	2,075	1,621	1,191

(c) *The proposed annual caps*

The historical annual caps for the Management Fee and the Performance Fee under the 2019 Investment Management Agreement for each of the three FYs ended 31 March 2022 were set at HK\$8,600,000, HK\$9,100,000 and HK\$9,600,000, respectively. Each of the Upbest Board and the UBA Board proposed that the annual caps for the Management Fee and the Performance Fee respectively under the 2022 IM Agreement for each of the FYs up to 31 March 2025 be set as shown below, after taking into account an estimated growth rate of 6% per annum (please refer to section 6(a) and (d) below for details):

	For the Financial Year ending 31 March 2023 (HK\$'000)	For the Financial Year ending 31 March 2024 (HK\$'000)	For the Financial Year ending 31 March 2025 (HK\$'000)
Management Fee	1,700	1,800	1,900
Performance Fee	4,400	4,400	4,400
Total (approximately)	6,100	6,200	6,300

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6. Analysis on Management Fee and Performance Fee caps

(a) *Estimated annual growth rate of 6%*

Upon being inquired as to how the Company arrived at the estimated annual growth rate of 6%, the Management indicated that it had derived this estimated annual growth rate by averaging the combined amounts of (i) the year end percentage change in the Company's NAV and the year end percentage change in the Hang Seng Index (the "HSI") for FYs ended 31 March 2017 to 2021; and (ii) the average of Hong Kong's GDP for the years ended from 31 March 2017 to 2021, which amounted to -1%. If the corresponding values of items (i) and (ii) for the 9-month period of 1 April 2021 to 31 December 2021 were also included in the calculation, the resulting basis would be -2%.

The above having been said, the Management considered that the Company's NAV may be greatly affected by the HSI's performance as securities listed on the Stock Exchange account for an increasing proportion of the Company's NAV. Hence, the Management was of the view that the averaged amount of the percentage changes in the HSI for the FYs ended 31 March 2017 to 2021 and the 9-month period from 1 April to 31 December 2021 could be a more appropriate basis for the derivation of the Company's estimated growth rate in 2022 to 2025, which was equivalent to 3%. Moreover, since the local stock market is likely to rebound, according to certain market participants⁹, by approximately 15% after the negative effects of the Pandemic are under control, so the Management estimated the growth rate for each of the FYs ended 31 March 2022 to 2025 to be approximately 6%, after adding a buffer of 3% on top of the above-mentioned basis of 3% to ensure maximum flexibility on its part.

To analyse the reasonableness of the expected annual growth rate of 6% for the proposed annual caps for the Management Fee and the Performance Fee, we conducted an analysis of the UBA Group's historical NAV trends and its average return on equity by using the Group's net profit before tax and management fee. Our analysis is based on published financial information of the UBA Group from 2015 to 2021. Below is a table of the UBA Group's NAV from 2015 to 2021 and their respective percentage changes each year, followed by a statistical analysis of its returns:

9. See, e.g., Kay Li, "After a Lost Year, Where will Hong Kong Stocks Go in 2022?" 31 December 2021, quoting the views of Zhang Yidong, Global Chief Strategist and General Manager of Overseas Research Center of Singyes Securities, who believes that Hong Kong stocks would gain up to 15-20% from the end of 2021 to the high point in 2022. (<https://finance.yahoo.com/news/lost-where-hong-kong-stocks-113400220.html>).

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Table 3

Year ended 31 March	NAV <i>(HK\$'000)</i>	NAV% change <i>(approximately)</i>
2021	104,700	-7.67%
2020	113,400	-28.18%
2019	157,900	7.86%
2018	146,400	-14.34%
2017	170,900	6.02%
2016	161,200	-6.33%
2015	172,100	62.51%

Analysis of NAV% change

Mean	2.84%
Standard deviation	29.01%
Maximum	62.51%
Minimum	-28.18%

It is noted from above Table 3 that the mean return over the period from 2015 to 2021 was 2.84% with a standard deviation of 29.01%, implying that the change in NAV for any given year would on average range between -26.17% and 31.85% (being the mean return plus/minus one standard deviation). Given that management fees generally do not comprise a significant amount of annual cap in any given year (see, eg., section 5(c) above), and that the Management's proposed 6% annual growth rate does not differ significantly from the mean NAV growth rate and is well within a standard deviation's range, we consider it to be a fair and reasonable assumption for its application to the Management Fee.

With respect to the 6% estimated annual growth rate in respect of the Performance Fee, we referred to the analysis of the UBA Group's Gross Profit trends, corresponding returns on beginning of year equity position, and a statistical analysis thereof, which is detailed in the table below.

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Table 4

Year End	Gross Profit <i>(HK\$'000)</i> <i>(approximately)</i>	Equity <i>(HK\$'000)</i> <i>(approximately)</i>	Gross Profit/ Equity
2021	(7,300)	104,700	-6.94%
2020	(42,900)	113,400	-37.86%
2019	(22,200)	157,900	-14.06%
2018	(17,200)	146,400	-11.77%
2017	9,100	170,900	5.34%
2016	(7,400)	161,200	-4.61%
2015	77,800	172,100	45.19%

Analysis of return on equity:

Mean	-3.53%
Standard deviation	25.24%
Maximum	45.19%
Minimum	-37.86%

A mean return on equity of -3.53% and a standard deviation of 25.24% imply statistically that the expected return on equity for any given year to be -3.53% on average, and range between -28.77% and 21.71% on average (being the mean return on equity plus/minus one standard deviation). As the Management's proposed 6% growth rate is not significantly different from the mean return on equity, and well within the bounds of a standard deviation's range, we consider the estimated annual growth rate of 6% to be fair and reasonable to be factored into the setting of the Performance Fee caps.

It is also worth noting that, based on the figures¹⁰ released by the Census and Statistics Department on 28 January 2022, Hong Kong's GDP increased by 6.4% in real terms in 2021 over 2020, so the Company's estimated annual growth rate of 6% is within range.

(b) Remuneration paid to investment managers

To assess the fairness and reasonableness of the proposed rates of the Management Fee and the Performance Fee in the 2022 IM Agreement, we researched the remuneration packages adopted by investment companies that are listed on the Stock Exchange under Chapter 21 of the Listing Rules (the "**Chapter 21 Companies**") for their investment advisers, and identified a comprehensive list of 23 such companies (including the Company). Independent Shareholders should note that these companies may not be able to represent a direct comparison to the Company due to the differences in their assets sizes, financial performance, investment objective and portfolio, operation and prospect of these investment companies.

¹⁰ https://www.censtatd.gov.hk/en/press_release_detail.html?id=5009

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The table below summarises the remuneration packages granted by 20 Chapter 21 Companies (the “**Comparables**”) (including the Company) to their respective investment managers. Not included in Table 5 were three Chapter 21 Companies whose information is considered to be no longer relevant because National Investments Fund Limited (1227) is being liquidated. DT Capital Limited (356) terminated its investment management agreement with Hua Yu Investment Management Limited with effect from 31 October 2019. Finally, Global Mastermind Capital Limited (905) replaced the investment manager with an investment committee on 4 August 2014. We understand that no management fee and performance fee has since been paid.

Table 5

No.	Company name (Stock code)	Management Fee	Performance Fee
1.	China New Economy Fund Limited (80)	a monthly management fee of HK\$50,000	N/A
2.	China Merchants China Direct Investments Limited (“ China Merchants ”) (133)	The Company will pay to CMCIM an annual management fee in US dollars (or the HKD or RMB Equivalent of the same) equal to the aggregate of: (a) on the Invested Portion of the Assets of the Company represented by unlisted securities or interests: 2.00% of the book value (net of taxes); (b) on the Invested Portion of the Assets of the Company represented by securities listed on a recognised stock exchange: (i) during the lockup period following listing: 2.00% of the book value (net of taxes); (ii) for the one year after the lockup period lapses: 1.75% of the book value (net of taxes); (iii) thereafter: 1.50% of the book value (net of taxes); and (iv) in respect of listed securities purchased from the secondary market: 1.50% of the book value (net of taxes)	8% of the amount by which the NAV as at the end of the relevant FY (as adjusted) exceeds the high watermark

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No.	Company name (Stock code)	Management Fee	Performance Fee
3.	China Investment Development Limited (204)	a monthly management fee of HK\$40,000	N/A
4.	Prosperity Investment Holdings Limited (“ Prosperity Investment ”) (310)	a management fee of a fixed amount of HK\$600,000 per month (exclusive of disbursements)	Bonus shall not be payable unless the adjusted NAV as the end of each FY exceeds the higher of: (i) the NAV for the year ended 31 December 2018; and (ii) the adjusted NAV of the most recent FY after 2018 for which Opus Capital is paid a discretionary bonus and the amount of such bonus shall not exceed 5% of such excess
5.	Cocoon Holdings Limited) (“ Cocoon Holdings ”) (428)	0.8% per annum on the NAV as per the management account of the company of the preceding month with unchanged annual cap at HK\$2,980,000	N/A
6.	China Investment Fund Company Limited (formerly known as China Ding Yi Feng) (612)	a monthly management fee of HK\$220,000	N/A
7.	China Financial International Investments Limited (721)	a management fee is payable monthly in arrears at the rate of 0.75% per annum of the aggregate market value of the portfolio(s) managed by it on the last Business Day of each calendar month	N/A

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No.	Company name (Stock code)	Management Fee	Performance Fee
8.	Shanghai International Shanghai Growth Investment Limited (“ Shanghai International ”) (770)	0.5% per quarter of the group’s NAV	20% of the excess amount by which the NAV of the company as at 31 December of the calculation year exceeds the previous high water mark
9.	China Internet Investment Financial Holdings Limited (810)	a monthly management fee of HK\$45,000	N/A
10.	Harbour Digital Asset Capital Limited (formerly known as Unity Investments Holdings Limited) (913)	a monthly management fee of HK\$50,000	N/A
11.	China Development Bank International Investment Limited (1062)	a management fee of HK\$350,000	N/A
12.	China Investment and Finance Group Limited (1226)	a monthly management fee of HK\$60,000	N/A
13.	China Innovation Investment Limited (1217)	a monthly management fee of HK\$40,000	N/A
14.	Youth Champ Financial Group Holdings Limited (1160)	an annual management fee of HK\$1,620,000	N/A

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No.	Company name (Stock code)	Management Fee	Performance Fee
15.	Wealthking Investments Limited (“ Wealthking Investments ”) (1140)	The management fee will be calculated on a monthly basis. For the first year of the investment management agreement, the management fee will be calculated at 0.012% per annum of the group’s NAV as at the immediately preceding last dealing day on the Stock Exchange in each calendar month on the basis of the actual number of days in the relevant calendar month over a year of 360 days. From the second year of the investment management agreement, the management fee will be calculated at such other percentage figure agreed from time to time between VPAM and the company as at the immediately preceding last dealing day on the Stock Exchange in each calendar month on the basis of the actual number of days in the relevant calendar month over a year of 360 days	The performance fee payable shall be 30% of the appreciation in the NAV per Share, being the difference in NPV per share as at 31 March 2021 and the last business day of each of the company’s financial year, multiplied by the rate of the aggregate number of the company’s shares in issue over the number of business days between 1 April of each year and 31 March of the following year.
16.	China Financial Leasing Group Limited (2312)	a annual management fee of HK\$400,000	N/A
17.	Capital VC Limited (2324)	a monthly management fee of HK\$50,000	N/A
18.	Core Economy Investment Group Limited (formerly known as Earnest Investments Holdings Limited) (339)	A monthly management fee of HK\$60,000 (no new investment manager was appointed after the then existing investment management agreement expired on 11 May 2020. Hence, no further management fee was paid)	N/A

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No.	Company name (Stock code)	Management Fee	Performance Fee
19.	Goldstone Investment Group Limited (901) ("Goldstone") (Note)	a monthly fee of HK\$30,000	N/A (No such information is available from the company's financial reports, announcements and circulars)
20.	The Company	1.5% per annum of the NAV of UBA Group as at the immediately preceding Valuation Date on the basis of the actual number of days in the relevant calendar month over a year of 365 days	20% of the amount by which the NAV exceeds the High Watermark at the end of the relevant FY

Note: Goldstone has been subject to two petitions for winding up, with the first petition served on the Company on 4 November 2021. Goldstone received the second petition on 28 February 2022.

It is noted from above Table 5 that there are different structures and criteria to the compensation packages in terms of management fee and performance/incentive fee charged by the investment managers of the Comparables, and each investment company may adopt its unique structure of compensation package granted to the respective investment managers to serve its own purpose. Bearing this in mind, we proceeded to analyse the determination of the rates of the Management Fee and the Performance Fee below.

(i) Management Fee

Table 5 shows that there are two bases for determining the management fee amount: (i) as a percentage of NAV; or (ii) by a fixed sum. Out of a total of 20 Comparables, only three of them charge their management fees as a percentage of NAV, similar to the Company. They are (a) Cocoon Holdings (0.8% per annum on the company's NAV); (b) Shanghai International (0.5% per quarter of the group's NAV); and (c) Wealthking Investments (0.012% per annum of the group's NAV in the first year). While the 1.5% of NAV per annum Management Fee proposed to be paid by the Company to UAML in the 2022 IM Agreement is higher than that of Cocoon Holdings and Wealthking Investments, it is lower than Shanghai International's management fee of 2%, when calculated on a per annum basis; hence, the Company's 1.5% is still within range. It is also worth noting that this rate of Management Fee has been in place since 2000 after the Upbest Group and the UBA Group entered into the 2000 Investment Management Agreement dated 6 November 2020. For over 20 years, this Management Fee rate has not been changed and is continued in the 2022 IM Agreement. Independent Shareholders had not raised any objections to it at the previous EGMs held to approve the investment management agreements. Hence, we share the Management's view that the rate of the Management Fee in the 2022 IM Agreement is, on balance, fair and reasonable.

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(ii) *Performance Fee*

It is noted that four out of the 20 Comparables in Table 5 have adopted the performance fee structure, namely, Prosperity Investment, China Merchants, Shanghai International and Wealthking Investments, with 5%, 8%, 20% and 30%, respectively on the amounts by which the companies' NAVs exceed the high watermarks. Therefore, the Performance Fee mechanism under the 2022 IM Agreement closely resembles the mechanism adopted by some of the Comparables. Although the Company's proposed rate of the Performance Fee at 20% of the amount by which the NAV exceeds the High Watermark at the end of the relevant FY is at the high end of the Comparables, it is still within range. We also concur with the Company's view that the market is likely to fluctuate in the next three years caused by, e.g., the continuing negative effects of the Pandemic, the comparatively higher Performance Fee (with High Watermark) mechanism could provide effective incentive for UAML to perform better for the benefit of the Company, thereby aligning the interests of the Company and the investment manager. Hence, we are of the view that the proposed rate for the Performance Fee is fair and reasonable.

For the above reasons, we concur with the Management's view that the rate of each of the Management Fee and the Performance Fee in the 2022 IM Agreement is fair and reasonable, and is in the interests of the Company and the Shareholders as a whole.

(c) *Utilisation of previous annual caps*

Set out in the table below is the historical utilisation of the annual caps previously approved by the Independent Shareholders for the FYs ended 31 March 2018 to 2021 (the "Previous Caps").

Table 6

	For the Financial Year ended 31 March 2018 (HK\$'000)	For the Financial Year ended 31 March 2019 (HK\$'000)	For the Financial Year ended 31 March 2020 (HK\$'000)	For the Financial Year ended 31 March 2021 (HK\$'000)
Amount:				
Management Fee	2,446	2,243	2,075	1,621
Performance Fee	Nil	Nil	Nil	Nil
Total	2,446	2,243	2,075	1,621

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	For the Financial Year ended 31 March 2018 (HK\$'000)	For the Financial Year ended 31 March 2019 (HK\$'000)	For the Financial Year ended 31 March 2020 (HK\$'000)	For the Financial Year ended 31 March 2021 (HK\$'000)
Annual caps:				
Management Fee	–*	–*	2,800	3,100
Performance Fee	–*	–*	5,800	6,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total	11,600	13,300	8,600	9,100
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Utilisation rate:				
(approximately)	21%	17%	24%	18%

* No individual breakdowns provided in the Company's circulars.

Upon being inquired as to why the utilisation rate of the Previous Caps was so low, the Management explained that the low utilisation rate was mainly attributable to the decrease in the overall management fees in the respective periods corresponding to the decreasing NAVs, which was caused primarily by the debilitating negative economic effects that the Pandemic has triggered. Moreover, the resultant poor investment sentiment caused by the effects of the Pandemic have impacted the performance of the global and Hong Kong stock markets. Since the Company has invested, as of 31 December 2021, in more than 30 listed companies, with material investments in at least 10 of them, the poorly performing stock markets in Hong Kong in 2020 and 2021 had exerted downward pressure on the prices of the shares of those listed companies, which had, in turn, caused a drop in the value of the Company's financial assets (as at the end of the period from 31 March 2021 to 30 September 2021, the Company's financial assets at fair value through profit and loss dropped from approximately from HK\$101.3 million to HK\$97.3 million) and the Company's NAV. Moreover, under the 2022 IM Agreement, Performance Fee would only be paid to UAML if the Company's NAV exceeds the High Watermark (equivalent to 20% of the amount by which the NAV exceeds the High Watermark at the end of the relevant FY). Accordingly, the reduction in the Company's NAV caused by, among other things, the negative effects of the Pandemic, could be attributable to the low utilisation rate of the Previous Caps.

We reviewed the Company's Management Fee, Performance Fee, NAVs and their changes between 2017 and 2021 based on the relevant documents provided by the Company. Our findings lend support to the Company's above claims, e.g., the Company having experienced increasing losses starting from 2018 which had caused the subsequent (i) decreases in the Company's NAV (except the FY ended 31 March 2019), (ii) payment of lowered amounts of the Management Fee; and (iii) cessation of payment of the Performance Fee.

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Table 7

Year Ended	Gross Profit/ Loss	Management Fee	Performance Fee	NAV	NAV change
31 March	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	
	<i>(approximately)</i>	<i>(approximately)</i>	<i>(approximately)</i>	<i>(approximately)</i>	
2021	(7,300)	1,600	–	104,700	-7.67%
2020	(42,900)	2,000	–	113,400	-28.18%
2019	(22,200)	2,000	–	157,900	7.86%
2018	(17,200)	2,400	–	146,400	-14.34%
2017	9,100	2,500	1,800	170,900	6.02%

(d) The reasonableness of the criteria for determining the proposed annual caps

According to the Company, the proposed annual caps for the Management Fee and the Performance Fee are determined by reference to:

- (i) an annualised Management Fee based on the unaudited interim results for the six months ended 30 September 2021 and unaudited management accounts for the nine months ended 31 December 2021 of the UBA Group, with an estimated annual growth rate of 6%;
- (ii) the annual caps of the Performance Fee calculated by the respective average of (a) the estimated Performance Fee of the relevant FY under the 2022 IM Agreement based on the estimated NAV of the UBA Group with an estimated annual growth rate of 6%; and (b) the highest Performance Fee in the past few FYs (i.e. approximately HK\$8.78 million in year 2015); and
- (iii) the fluctuations in the stock market, the global economy and the UBA's performance in the past years,

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

With respect to the above first criterion, we noted from the Company's interim report 2021 and supporting documents provided by UBA that for the FY ending 31 March 2022, (a) the amount of the Management Fees paid to UAML from April to December 2021 could be objectively verified; and (b) the amounts of the Management Fee paid for the first three months of 2022 were based on the amounts of the corresponding periods in 2021 multiplied by the estimated annual growth rate of 6%. Since we have already considered this growth rate of 6% to be fair and reasonable (please refer to above section 6(a)) and that there was nothing irregular with respect to the Management Fee payments to UAML between April and December 2021, we are, on balance, satisfied that the Company's proposed annualised Management Fee of approximately HK\$1.6 million, which is the sum of the amounts in above items (a) and (b), for FY ending 31 March 2022 is arrived at fairly and reasonably. The annualised Management Fee for the FY ending 31 March 2023 is derived by multiplying HK\$1.6 million by the estimated annual growth rate of 6% to approximate HK\$1.7 million. The annualised Management Fee for the FYs ending 31 March 2024 and 2025, namely, HK\$1.8 million and HK\$1.9 million respectively, are arrived at in a similar manner.

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In relation to the second criterion, its components are shown in Table 8 below.

Table 8

		31 March 2023	31 March 2024	31 March 2025
		<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
		<i>(approximately)</i>	<i>(approximately)</i>	<i>(approximately)</i>
UBA's estimated NAV (with 6% growth rate)		107,500	114,000	121,000
Estimated Performance Fee:	(A)	–	–	–
Highest Performance Fee paid in previous years, i.e., 2015	(B)	8,780	8,780	8,780
Proposed annual cap	(A)+ (B)/2	4,400	4,400	4,400

When we inquired as to how the Company's estimated NAV of approximately HK\$107.5 million as at 31 March 2023 was derived, the Management provided us with the following table

Year end	Assumed growth rate	NAV
		<i>(HK\$'000)</i>
		<i>(approximately)</i>
31/03/2015		172,100
31/03/2016		161,200
31/03/2017		170,900
31/03/2018		146,400
31/03/2019		157,900
31/03/2020		113,400
31/03/2021		104,700
31/12/2021		101,500
31/03/2023	6%	107,500
31/03/2024	6%	114,000
31/03/2025	6%	121,000

and explained that since the NAV for the FY ending 31 March 2023 is an estimation, the Company chose to adopt a prudent approach to derive this figure of approximately HK\$107.5 million, by multiplying the estimated NVA as at 31 December 2021 of approximately HK\$101.5 million, which was the lowest figure in the above table, with the estimated annual growth rate of 6%, assuming that the Company's NAV as at 1 April 2022 remains at approximately HK\$101.5 million.

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Given that (i) the Company's estimated NAV figures up to 31 December 2021 in the above table were on a sliding scale; (ii) based on the management accounts provided by the Company, the estimated NAV as of 31 January 2022 and of 28 February 2022 were HK\$102.5 million and HK\$102.6 million, respectively, which were slightly higher than HK\$101.5 million and, barring unforeseen circumstances, the estimated NAV as of 31 March 2022 would likely be within the range for the months of January and February 2022, we agree that it would be prudent and reasonable for the Company to use the lowest NAV figure in the above table, namely, HK\$101.5 million, to derive the estimated NAV for the FY ended 31 March 2023 to be approximately HK\$107.5 million. For these reasons, we are of the view that the Company's assumption that the Company's NAV as at 1 April 2022 remains at approximately HK\$101.5 million, or a slightly higher amount but within the above-mentioned NAV range for the months of January and February 2022, would be fair and reasonable based on a prudent and conservative approach of deriving the Company's estimated NAVs.

Extract from Table 3
FY ended 31 March

	NAV (HK\$'000) (approximately)
2021	104,700
2020	113,400
2019	158,000

As can be observed from the above Table 3 extract, since the Company's NAV at the end of the Reference Year, i.e., the FY ended 31 March 2019, was approximately HK\$158 million, which is much higher than the Company's estimated NAVs for the FYs ending 31 March 2022 to 2025 as set out in Table 8, the High Watermark cannot be achieved (see the paragraphs under the heading "*Performance Fee*" in above section 5(a)). Hence, the estimated amount of the Performance Fee in respect of each of this 3-year period would be nil.

The remaining issue is whether the Performance Fee of approximately HK\$8.78 million paid to UAML in 2015 represents the most suitable basis for the setting of the proposed annual caps for the Performance Fee. The Company is noted to have paid UAML Performance Fees on only three occasions in the past 11 years, i.e., approximately HK\$3.95 million in 2011, approximately HK\$8.78 million in 2015 and approximately HK\$1.83 million in 2017.

The Management is of the view, with which we concur, that the Performance Fee structure encourages UAML to perform better for the Company. Hence, when the calculation basis for the Performance Fee was changed from net profit to high watermark in 2019, which has made it relatively more difficult for UAML to receive the Performance Fee thereafter, there was a perception that UAML might be discouraged from performing for the Company to the best of its ability. To ensure that UAML remains incentivised to provide the best services to it, the Company decided, in setting the proposed annual caps for Performance Fee in the 2019 Investment Management Agreement and also the 2022 IM Agreement, to average the combined amounts of (i) estimated Performance Fee (based on the NAV of the UBA Group in the relevant FY with an estimated annual growth rate (of 10% in 2019 and 6% in 2022)); and (ii) the highest Performance Fee paid to UAML in previous years, namely, approximately HK\$8.78 million in 2015 (see above Table 8).

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In respect of the three Performance Fee payments to UAML mentioned above, we noted that the Performance Fee of approximately HK\$3.95 million was paid in 2011, and a period of 11 years is, in our view, too long a time for this Performance Fee payment to be considered a relevant reference. The payment of approximately HK\$1.83 million Performance Fee to UAML in 2017 was the most recent payment in that 11-year period; however, it may not be regarded as a sufficient amount to incentivise UAML to perform for the Company to the best of its ability, so the reference value of this payment is also limited. The remaining payment of approximately HK\$8.78 million to UAML in 2015 is the Company's choice, but is noted to be higher than the amount of the Performance Fees paid to UAML in 2011 and 2017 by a very substantial margin.

All things considered, we, on balance, concur with the Management's view that the Performance Fee of approximately HK\$8.78 million is a suitable basis for the setting of the proposed annual caps for the Performance Fee, for the following three reasons. First, it is noted that the Management has adjusted downwards the Previous Caps since 2018 (from approximately HK\$11.6 million in 2018 down to approximately HK\$9.1 million in 2021 – please refer to above Table 6). The Management has also averaged the combined amounts of the estimated Management Fee and the 2015 Performance Fee payment (see above Table 8) to derive the proposed annual caps for the FYs ending 31 March 2023, 2024 and 2025, namely, HK\$6.1 million, HK\$6.2 million and HK\$6.3 million, respectively (please refer to the figures in above section 5(c)), so that the proposed annual caps for these three years would not exceed the Previous Caps and are in conformity with this downward trend. Second, the Performance Fee of approximately HK\$8.78 million represents a record payout by the Company to UAML in the past 11 years. By using this amount as the basis for setting the annual caps for the Performance Fee in the next three years, the Company reminds UAML of what it had achieved in the past and, more importantly, incentivises UAML to equal or even beat this record. Thirdly, if UAML is incentivised to perform for the Company to the best of its ability and achieves another record payment of Performance Fee in the process, this is in the best interest of the Shareholders as a whole.

Finally, we concur with the Company that the fluctuations in the stock market, the global economy and the UBA's performance in the past years represent relevant factors in the determination of the proposed annual caps for the Management Fee and the Performance Fee.

After taking into account the fact that (i) the Management has adjusted downwards the proposed annual caps because the Previous Caps were under-utilised; and (ii) the Company's basis and rationale in deriving the proposed annual cap amounts for the Management Fee and the Performance Fees is practical and reasonable, we are of the view that the setting of the proposed annual caps for the Management Fee and the Performance Fee is, on balance, fair and reasonable.

RECOMMENDATION

Having considered the terms of the 2022 Financial Assistance Supplemental Agreements and of the 2022 IM Agreement, we are of the view that the 2022 Financial Assistance Supplemental Agreements, the 2022 IM Agreement, the transactions contemplated thereunder and the respective annual caps are on normal commercial terms and that the terms of the 2022 Financial Assistance Supplemental Agreements and the 2022 IM Agreement are fair and reasonable as far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

LETTER OF ADVICE FROM THE INDEPENDENT FINANCIAL ADVISER

Accordingly, we recommend the Independent Shareholders, as well as the IBC to advise the Independent Shareholders, to vote in favour of the resolution(s) to be proposed at the UBA EGM to approve the 2022 Financial Assistance Supplemental Agreements, the 2022 IM Agreement, the transactions contemplated thereunder and the respective annual caps.

Yours faithfully,
For and on behalf of
Central China International Capital Limited
Billy Cheung
Director and 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 his family members are beneficiaries of a trust which assets include interests in the entire issued share capital of Fung Fai Growth Limited and accordingly, Mr. Cheng is deemed to be interested in 340,000,000 Shares under the 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%

Notes:

- The Shares are held by Fung Fai Growth Limited. Mr. Cheng Wai Lun, Andrew and his family members are beneficiaries of a trust which assets include interests in the entire issued share capital of Fung Fai Growth Limited and accordingly, Mr. Cheng is deemed to be interested in 340,000,000 Shares under the SFO.
- 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 4 April 2022 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

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial position or trading position of the Group since 31 March 2021, 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 31 March 2021, being 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 Suntera (Cayman) Limited (formerly known as SMP Partners (Cayman) Limited) at Suite 3204, Unit 2A, Block 3, Building D, P.O. Box 1586, Gardenia Court, Camana Bay, Grand Cayman, KY1-1100, Cayman Islands.
- (e) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Standard Limited, Level 54, 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 ON DISPLAY

Copies of the following documents are available for inspection (i) on the website of the Stock Exchange (www.hkexnews.hk) and (ii) on the website of the Company (www.uba.com.hk) from the date of this circular up to and including the date of the EGM:

- (a) the agreements entered into between UBA, UBA Financial and Super Idea and UICL respectively dated 15 November 2002, 13 March 2003 and 22 June 1999 respectively in relation to the Financial Assistance;
- (b) the 2022 Financial Assistance Supplemental Agreements;

- (c) the 2019 Investment Management Agreement;
- (d) the 2022 Investment Management Agreement;
- (e) the written consent from the expert referred to in the paragraph headed “4. Qualification and consent of expert” in this appendix; and
- (f) 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 22 to 56 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 Friday, 29 April 2022 at 2:30 p.m. for the purpose of considering and, if thought fit, passing the following resolutions with or without amendments as ordinary resolutions 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 4 April 2022 of which the notice convening the Meeting forms part.

ORDINARY RESOLUTIONS

1. “**THAT**

- (a) the supplemental agreement dated 26 January 2022 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 26 January 2022 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 26 January 2022 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 annual caps for the Financial Assistance for the financial years ending 31 March 2023, 31 March 2024 and 31 March 2025 be and are hereby approved; and

* *For identification purpose only*

NOTICE OF EGM

- (e) any 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 2022 Financial Assistance Supplemental Agreements 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 2022 Financial Assistance Supplemental Agreements and the transactions contemplated thereunder.”

2. **“THAT**

- (a) the investment management agreement dated 26 January 2022 (the “**2022 Investment Management Agreement**”) entered into between UAML and UBA in relation to the provision of assets management services by UAML to UBA (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;
- (b) the annual caps for the 2022 Investment Management Agreement and the transactions contemplated thereunder for the financial years ending 31 March 2023, 31 March 2024 and 31 March 2025 be and are hereby approved; and
- (c) any 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 2022 Investment Management 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 2022 Investment Management Agreement and the transactions contemplated thereunder.”

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

Hong Kong, 4 April 2022

NOTICE OF EGM

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 need 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 Hong Kong branch share registrar of the Company, Tricor Standard Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong or submitting electronically via the Tricor e-Meeting System in accordance with the instructions printed on the accompanying notification letter not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.
3. 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 Tuesday, 26 April 2022 to Friday, 29 April 2022 (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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration, not later than 4:30 p.m. on Monday, 25 April 2022.
4. In view of the ongoing COVID-19 pandemic, the Company will adopt the following special arrangements at the Meeting:
 - (a) The Meeting will be held with the minimum number of persons present as is required to form a quorate meeting by the directors and/or other staff member(s) of the Company who are Shareholders or proxy. NO other Shareholder, proxy or corporate representative should attend the Meeting in person. Other than those in the quorum and the limited number of other attendees to ensure the proper conduct of the Meeting, any other person who attempts to do so will be excluded and will not be permitted entry to the venue of the Meeting. Shareholders, proxies or corporate representatives (other than those who are required to attend the Meeting physically to form a quorate meeting) will NOT be able to attend in person but may view and listen to the Meeting and submit questions online. The Company reserves the rights to change the attendance number depending on the public health situation and the relevant regulations in effect at the time of the Meeting.
 - (b) To enable Shareholders to participate in the Meeting, the Company will arrange live video broadcast via Tricor e-Meeting System during the Meeting. In order to participate in the Meeting through live video broadcast, Shareholders will need to visit the designated URL link by using the unique login details which will be despatched to the Shareholders by post on or around 8 April 2022. However, such Shareholders will not be considered as attending the Meeting in person, will not be counted as part of the quorum under the articles of association of the Company, and will not be allowed to cast their votes by electronic means at the Meeting.
 - (c) Shareholders who wish to exercise his/her/its voting rights are strongly encouraged to appoint the chairman of the Meeting as their proxy to vote on the relevant resolutions at the Meeting. Registered shareholders are requested to provide a valid email address of his or her proxy (except appointing "the chairman of the EGM" as proxy) to receive the login and access code to view a live streaming webcast of the Meeting and submit online questions to us on the Tricor e-Meeting System.
 - (d) The Company reminds all Shareholders that physical attendance in person at the Meeting is not necessary for the purpose of exercising voting rights. Shareholders who cannot attend the Meeting in person will be able to vote by submitting a proxy in advance of the Meeting. If Shareholders wish to vote on any resolutions at the Meeting, they are strongly encouraged to appoint the chairman of the Meeting as their proxy to vote on their behalf. In any event, Shareholders will not be deprived of their rights of voting on the resolution(s) to be proposed at the Meeting.

NOTICE OF EGM

- (e) Shareholders should note that if a person who is not the chairman of the Meeting is appointed as proxy, that person may not be permitted entry to the venue of the Meeting and may not be able to exercise the vote
5. Registered shareholders of the Company will be able to view and listen to the Meeting and submit questions online in accordance with the instructions as stated in the letter sent to the shareholders of the Company. Beneficial owners or CCASS non-registered shareholders whose Shares are held through banks, brokers, custodians or Hong Kong Securities Clearing Company Limited (“**HKSCC**”) can also view and listen to the Meeting and submit questions online. In this regard, they should consult directly with their banks, brokers or custodians (as the case may be) for the necessary arrangements by the deadlines of their respective bank, broker, custodian or HKSCC and in any event, not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof, and the unique login details will be sent to them by email upon receipt of request through their respective bank, broker, custodian or HKSCC. A valid email address should be provided for receiving the login details.
6. Due to the constantly evolving COVID-19 situation in Hong Kong, the Company may be required to change the arrangements of the Meeting with short notice. Shareholders should check the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.uba.com.hk) for future announcements and updates on the arrangements of the Meeting.