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UPBEST GROUP LIMITED

美建集團有限公司*

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



UBA INVESTMENTS LIMITED

開明投資有限公司*

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

CONTINUING CONNECTED TRANSACTIONS

On 26 January 2022, various members of the Upbest Group and the UBA Group entered into the 2022 Supplemental Agreements to extend the engagement of the Upbest Group to provide securities margin financing and initial public offer financing services, and securities brokerage services to the UBA Group. Also, on 26 January 2022, UAML and UBA entered into the 2022 Investment Management Agreement in relation to the assets management services provided by UAML to UBA.

The transactions contemplated under the 2022 Supplemental Agreements and the 2022 Investment Management Agreement are considered as continuing connected transactions under the Listing Rules.

As all the applicable percentage ratios (other than the profits ratio) 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 Upbest are less than 5%, such transactions are subject to annual review and announcement requirement but exempt from the circular (including independent financial advice) and shareholders' approval requirements pursuant to Rule 14A.76 of 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.

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 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. As 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 and all applicable percentage ratios on the part of Upbest are less than 25%, the transactions contemplated under the 2022 Investment Management Agreement on the part of Upbest are subject to annual review and announcement requirement but exempt from the circular (including independent financial advice) and shareholders' approval requirements.

The proposed annual caps for the brokerage commission in respect of the 2022 Securities Brokerage Supplemental Agreements are less than HK\$3,000,000 per annum and all the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) are less than 5% on the part of Upbest. Thus, the transactions contemplated under the 2022 Securities Brokerage Supplemental Agreements on the part of Upbest are considered to be de minimis transactions pursuant to Rule 14A.76 of the Listing Rules and is exempted from annual review, all disclosure and shareholders' approval requirements. As one of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) on the part of UBA is more than 5% but less than 25%, the transactions contemplated under 2022 Securities Brokerage Supplemental Agreements on the part of UBA are subject to annual review and announcement requirement but exempt from the circular and shareholders' approval requirements.

A circular of UBA containing, amongst other things, a notice convening the UBA EGM and further details relating to the transactions which require approvals by the UBA Independent Shareholders, a letter from the UBA Independent Board Committee to the UBA Independent Shareholders, and a letter from the independent financial adviser to advise the UBA Independent Board Committee and the UBA Independent Shareholders on the transactions are expected to be despatched to the UBA Shareholders on or before 7 March 2022 as it is expected that more time is required for the finalisation of the circular.

I. BACKGROUND OF THE CONTINUING CONNECTED TRANSACTIONS

Reference is made to the joint announcement by Upbest and UBA dated 25 January 2019 and the circulars of each of Upbest and UBA both dated 28 February 2019, in relation to, among others, 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. USCL, a wholly-owned subsidiary of Upbest, has also provided securities brokerage services to the UBA Group under various agreements. Various agreements have been entered into between Upbest Group and UBA Group relating to the provision of assets management services, securities margin financing services, precious metals margin financing services and securities brokerage services.

As disclosed in the 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, asset management services and securities brokerage 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.

On 3 May 2019, Blaze Light, a wholly owned subsidiary of UBA, has entered into a securities brokerage agreement with USCL for provision of securities brokerage services by USCL to Blaze Light, which was supplemented by the first supplemental agreement dated 3 May 2019 to agree that the agreement is subject to annual renewal, the second supplemental agreement dated 31 March 2020 to extend the period to 31 March 2021 and the third supplemental agreement dated 31 March 2021 to extend the period to 31 March 2022. The expected annual securities brokerage commission of Blaze Light payable under the Blaze Light Securities Brokerage Agreement together with the UBA Group in each of the financial years ended 31 March 2020, 31 March 2021 and 31 March 2022 is not more than HK\$3,000,000 and all the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) were less than 5%. Therefore, the transactions contemplated under the Blaze Light Securities Brokerage Agreement are exempted from annual review, all disclosure and shareholders' approval requirements under Rule 14A.76 of the Listing Rules.

On 24 August 2020, Loyal Grace, a wholly-owned subsidiary of UBA, has entered into a securities brokerage agreement with USCL for provision of securities brokerage services by USCL to Loyal Grace, which was supplemented by a first supplemental agreement dated 24 August 2020 to agree that the agreement is subject to annual renewal and the second supplemental agreement dated 31 March 2021 to extend the period to 31 March 2022. The expected annual securities brokerage commission of Loyal Grace payable under the Loyal Grace Securities Brokerage Agreement together with the UBA Group in each of the financial years ended 31 March 2021 and 31 March 2022 is not more than HK\$3,000,000 and all the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) were less than 5%. Therefore, the transactions contemplated under the Loyal Grace Securities Brokerage Agreement are exempted from annual review, all disclosure and shareholders' approval requirements under Rule 14A.76 of the Listing Rules.

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;
- (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; and

- (c) each of UBA, UBA Financial, Super Idea, Lucky Joy, Marine Assets, Blaze Light and Loyal Grace entered into the 2022 Securities Brokerage Supplemental Agreements with USCL in relation to, among others, the extension of the term for provision of securities brokerage services by USCL to UBA Group for the period commencing from 1 April 2022 to 31 March 2025.

As at the date of this announcement, CCAA holds approximately 74.29% interest in Upbest. Fung Fai holds approximately 26.74% of UBA. The ultimate beneficial owner of CCAA and Fung Fai is Cheng's Family Trust. Interested beneficiaries of the Cheng's Family Trust include Ms. Cheng and Mr. Cheng. Ms. Cheng and Mr. Cheng are directors of Upbest. Mr. Cheng is also a director of UBA. Moreover, UAML, the investment manager of UBA, is regarded as a connected person of UBA under Rule 14A.08 of the Listing Rules.

Further details of the CCT Agreements are set out below:

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

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 by UICL to the UBA Group at an interest rate of 4.25% above prime rate per annum.

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 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 agreements) to any of its wholly owned subsidiaries.

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

HISTORICAL DATA

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

financing service pursuant to the relevant agreements for securities margin financing service, initial public offer financing service and precious metal margin financing service.

The maximum amounts 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

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 Upbest Board and UBA Board respectively proposed that the annual cap 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 annual cap was determined with reference to (i) the historical figures of the financial assistance and expectation on the 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 investments in the coming years and (ii) the number of initial public offers in Hong Kong in 2022 anticipated by certain international accounting firms.

III. 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 for 2022 Investment Management Agreement in respect of 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.

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	2,446	2,243	2,075	1,621	1,191

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 three 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	<u>4,400</u>	<u>4,400</u>	<u>4,400</u>
Total (approximately)	6,100	6,200	6,300

The proposed annual caps for Management Fee and the 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 by the respective average of the estimated Performance Fee of the relevant Financial Year under the 2022 Investment Management Agreement based on the net asset value of the UBA Group with an estimated annual growth rate of 6% 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.

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 transactions 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. As all the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) on the part of Upbest are less than 25%, the transactions contemplated under the 2022 Investment Management Agreement are considered to be de minimis transactions for Upbest pursuant to Rule 14A.76 of the Listing Rules, and is exempted from the circular and shareholders' approval requirements on the part of Upbest.

IV. 2022 SECURITIES BROKERAGE SUPPLEMENTAL AGREEMENTS

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

Service Provider	Service Receiver	Date of original agreement
USCL	UBA	12 July 2000
USCL	UBA Financial	18 July 2001
USCL	Super Idea	22 June 1999
USCL	Lucky Joy	3 November 2016
USCL	Marine Assets	24 November 2016
USCL	Blaze Light	3 May 2019
USCL	Loyal Grace	24 August 2020

The above agreements have the same principal terms as follows:

Payment term	:	Cash payment on the settlement date (the second business day after the transaction)
Commission	:	Commission charged at 0.25% on each securities transaction value

Each of UBA, UBA Financial and Super Idea had entered into supplemental agreement with USCL dated 1 November 2007 to extend the period to 31 March 2010, second supplemental agreement dated 11 February 2010 to extend the period to 31 March 2013, third supplemental agreement dated 28 January 2013 to extend the period to 31 March 2016, fourth supplemental agreement dated 26 January 2016 to extend the period to 31 March 2019 and fifth supplemental agreement dated 25 January 2019 to extend the period to 31 March 2022 for the securities brokerage services provided by USCL to each of UBA, UBA Financial and Super Idea.

Each of Lucky Joy and Marine Assets had entered into supplemental agreement with USCL dated 3 November 2016 and 24 November 2016 respectively to extend the period to 31 March 2017, the second supplemental agreement dated 31 March 2017 to extend the period to 31 March 2018, the third supplemental agreement dated 31 March 2018 to extend the period to 31 March 2019 and the fourth supplemental agreement dated 25 January 2019 to extend the period to 31 March 2022, for the securities brokerage services provided by USCL to each of Lucky Joy and Marine Assets.

Blaze Light had entered into a first supplemental agreement with USCL dated 3 May 2019 to agree that the original securities brokerage services agreement dated 3 May 2019 is subject to annual renewal, the second supplemental agreement dated 31 March 2020 to extend the period to 31 March 2021 and the third supplemental agreement dated 31 March 2021 to extend the period to 31 March 2022.

Loyal Grace had entered into a first supplemental agreement with USCL dated 24 August 2020 to agree that the original securities brokerage services agreement dated 24 August 2020 is subject to annual renewal and the second supplemental agreement dated 31 March 2021 to extend the period to 31 March 2022.

On 26 January 2022, each of UBA, UBA Financial, Super Idea, Lucky Joy, Marine Assets, Blaze Light and Loyal Grace had entered into the 2022 Securities Brokerage Supplemental Agreements with USCL in relation to the securities brokerage services provided by USCL to the UBA Group. According to the 2022 Securities Brokerage Supplemental Agreements, (i) USCL and each of UBA, UBA Financial, Super Idea, Lucky Joy, Marine Assets, Blaze Light and Loyal Grace agreed that the original agreements will be further extended for the period from 1 April 2022 to 31 March 2025 and is subject to renewal by written supplemental agreement between the contract parties and (ii) UBA and USCL agreed that, subject to notice being given to USCL, UBA may assign all or part of its rights or benefits under the agreement entered into between UBA and USCL dated 12 July 2000 (including any supplemental agreement) to any of its wholly owned subsidiaries.

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

HISTORICAL DATA

The amounts of securities brokerage commission paid by UBA Group to USCL for each of the five years ended 31 March 2021 and the nine months ended 31 December 2021 respectively are shown below:

	For the Financial Year ended 31 March 2017 (HK\$'000)	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)
Securities brokerage commission	1,147	634	165	134	20	12

CAP AMOUNT FOR SECURITIES BROKERAGE COMMISSION

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

The annual securities brokerage commission paid by UBA Group to USCL for each of the three years ended 31 March 2021 and the nine months ended 31 December 2021 is not more than

HK\$3,000,000 and all the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) were less than 5%. The Upbest Board and UBA Board respectively proposed that the annual cap for the securities brokerage commission payable by UBA Group to USCL for each of the three years ending 31 March 2025 should be set at HK\$800,000. The above annual cap was determined with reference to (i) the historical figures of the brokerage commission paid by UBA Group in the three years ended 31 March 2019 without taking into account of the figures in the two years ended 31 March 2021 and nine months ended 31 December 2021 given the negative impact from the COVID-19; (ii) an expected estimated annual growth rate of 6% and (iii) the expectation that the Hong Kong economy will gradually stabilize and the performance of the stock market may rebound to the level before the outbreak of COVID-19.

The proposed annual caps for the brokerage commission in respect of the 2022 Securities Brokerage Supplemental Agreements are less than HK\$3,000,000 per annum and all the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) are less than 5% on the part of Upbest. Thus, transactions contemplated under the 2022 Securities Brokerage Supplemental Agreements on the part of Upbest are considered to be de minimis transactions pursuant to Rule 14A.76 of the Listing Rules and is exempted from annual review, all disclosure and shareholders' approval requirements. As one of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) on the part of UBA is more than 5% but less than 25%, the transaction contemplated under 2022 Securities Brokerage Supplemental Agreements on the part of UBA is subject to annual review and announcement requirement but exempt from the circular and shareholders' approval requirements.

V. INFORMATION OF UPBEST AND UBA

The principal activity of Upbest is investment holding. Its subsidiaries are principally engaged in securities broking, futures broking, securities margin financing, money lending, corporate finance advisory, assets management, and precious metal trading and property investment. Each of UAML, USCL, UICL and UGS is a wholly owned subsidiary of Upbest.

UBA is an investment company listed under Chapter 21 of the Listing Rules and its principal activities are investment in listed securities and unlisted securities for their potential earnings growth and capital appreciation. Each of UBA Financial, Super Idea, Lucky Joy, Marine Assets, Blaze Light and Loyal Grace is a wholly-owned subsidiary of UBA.

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 Upbest Board and the UBA Board consider the entering into of the 2022 Financial Assistance Supplemental Agreements, the 2022 Investment Management Agreement and the 2022 Securities Brokerage Supplemental Agreements will benefit Upbest Shareholders and UBA Shareholders as a whole. In view of the long term business relationship since then and operational convenience brought to Upbest Group and UBA Group, each of the Upbest Board and UBA Board considers them to be in the best interests of

Upbest Shareholders and UBA Shareholders to continue to engage Upbest Group to provide assets management services and securities brokerage services for UBA Group.

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

VII. CONTINUING CONNECTED TRANSACTIONS

For the reasons stated above, the transactions contemplated under the CCT Agreements are considered as continuing connected transactions under the Listing Rules.

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

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

As all the applicable percentage ratios (other than the profits ratio) 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 Upbest are less than 5%, such transactions are subject to annual review and announcement requirement but exempt from the circular (including independent financial advice) and shareholders' approval requirements pursuant to Rule 14A.76 of 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. **Fung Fai and its associates will 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.**

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. **Fung Fai and its associates will abstain from**

voting in the UBA EGM to be convened for the approval of, inter alia, the transactions contemplated under the 2022 Investment Management Agreement. As 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 and all the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) on the part of Upbest are less than 25%, the transactions contemplated under the 2022 Investment Management Agreement are subject to annual review and announcement requirement but exempt from the circular (including independent financial advice) and shareholders' approval requirements pursuant to Rule 14A.76 of the Listing Rules.

The proposed annual caps for the brokerage commission in respect of the 2022 Securities Brokerage Supplemental Agreements are less than HK\$3,000,000 per annum and all the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) are less than 5% on the part of Upbest. Thus, the transactions contemplated under the 2022 Securities Brokerage Supplemental Agreements on the part of Upbest are considered to be de minimis transactions pursuant to Rule 14A.76 of the Listing Rules and is exempted from annual review, all disclosure and shareholders' approval requirements. As one of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) on the part of UBA is more than 5% but less than 25%, the transactions contemplated under 2022 Securities Brokerage Supplemental Agreements on the part of UBA are subject to annual review and announcement requirement but exempt from the circular and shareholders' approval requirements pursuant to Rule 14A.76 of the Listing Rules.

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 both Upbest and UBA, is considered to have a conflict of interest in these transactions for his dual role and therefore is not appointed a member of the UBA Independent Board Committee.

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 on the terms of the relevant agreements and the relevant cap amounts in respect of the continuing connected transactions which require approval from the UBA Independent Shareholders.

A circular of UBA containing, amongst other things, a notice convening the UBA EGM and further details relating to the transactions which require approvals by the UBA Independent Shareholders a letter from the UBA Independent Board Committee to the UBA Independent Shareholders, and a letter from the independent financial adviser to advise the UBA Independent Board Committee and the UBA Independent Shareholders on the transactions are expected to be despatched to the UBA Shareholders on or before 7 March 2022 as it is expected that more time is required for the finalisation of the circular.

DEFINITIONS

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

“2019 CCT Agreements”	collectively the 2019 Financial Assistance Supplemental Agreements, the 2019 Precious Metal Supplemental Agreement, the 2019 Investment Management Agreement and the 2019 Securities Brokerage Supplemental Agreements
“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
“2019 Securities Brokerage Supplemental Agreements”	the supplemental agreements entered into by each of UBA, UBA Financial, Super Idea, Lucky Joy and Marine Assets with USCL dated 25 January 2019 in relation to the securities brokerage services provided by USCL to UBA Group
“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
“2022 Securities Brokerage Supplemental Agreements”	the supplemental agreements entered into by each of UBA, UBA Financial, Super Idea, Lucky Joy, Marine Assets, Blaze Light and Loyal Grace with USCL dated 26 January 2022 in relation to the securities brokerage services provided by USCL to UBA Group

“2022 Supplemental Agreements”	collectively the 2022 Financial Assistance Supplemental Agreements and the 2022 Securities Brokerage Supplemental Agreements
“Articles”	at any time the memorandum and articles of association of UBA in force at that time
“associate”	has the meaning ascribed to it in the Listing Rules
“Blaze Light”	Blaze Light Investment Limited, a company incorporated in British Virgin Islands with limited liability, is a wholly owned subsidiary of UBA.
“Blaze Light Securities Brokerage Agreement”	the securities brokerage service agreement dated 3 May 2019 (as supplemented by a supplemental agreement dated 3 May 2019, a supplemental agreement dated 31 March 2020 and a supplemental agreement dated 31 March 2021) entered into between Blaze Light and USCL in relation to the provision of securities brokerage services by USCL to Blaze Light
“CCAA”	CCAA Group Limited, an investment holding company, holds approximately 74.29% interest in Upbest as at the date of this announcement
“CCT Agreements”	collectively the 2022 Financial Assistance Supplemental Agreements, the 2022 Investment Management Agreement and the 2022 Securities Brokerage Supplemental Agreements
“Cheng’s Family Trust”	a trust of which the discretionary objects are family members of Ms. Cheng and Mr. Cheng
“Financial Assistance”	the loan advanced of securities margin financing and initial public offer financing, as disclosed in the section headed “II. Supplemental agreements in relation to securities margin financing and initial public offer financing services” of this announcement
“Financial Year”	financial year of Upbest and UBA, both being the twelve (12) months commencing from 1 April and upto 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 date of this announcement
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loyal Grace”	Loyal Grace Investments Limited, a company incorporated in British Virgin Islands with limited liability and a wholly owned subsidiary of UBA.
“Loyal Grace Securities Brokerage Agreement”	the securities brokerage service agreement dated 24 August 2020 (as supplemented by a supplemental agreement dated 24 August 2020 and a supplemental agreement dated 31 March 2021) and entered into between Loyal Grace and USCL in relation to the provision of securities brokerage services by USCL to Loyal Grace
“Lucky Joy”	Lucky Joy Investments Limited, a company incorporated in British Virgin Islands with limited liability and a wholly owned subsidiary of UBA
“Management Fee”	the management fee payable by UBA to UAML under the Investment Management Agreements from time to time
“Marine Assets”	Marine Assets Holding Limited, a company incorporated in British Virgin Islands with limited liability and a wholly owned subsidiary of UBA
“Mr. Cheng”	Mr. CHENG Wai Lun, Andrew
“Ms. Cheng”	Ms. CHENG Wai Ling, Annie
“Net Asset Value”	the net asset value of UBA calculated in accordance with the provisions of the Articles and where applicable, as adjusted in accordance with the terms of the 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 entered into between UGS and UBA Gold dated 26 January 2016 (as supplemented by the 2019 Precious Metal Supplemental Agreement) 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”	UBA Investments Limited, a company incorporated in the Cayman Islands with limited liability, the securities of which are listed on the main board of the Stock Exchange
“UBA Board”	the board of directors, including the independent non-executive directors, of UBA
“UBA EGM”	the extraordinary general meeting of UBA to be convened and held to consider the continuing connected transactions, details of which are set out in this announcement
“UBA Financial”	UBA Financial Trading Limited, a company incorporated in Hong Kong with limited liability, is a wholly owned subsidiary of UBA
“UBA Gold”	UBA Gold Investment Limited, a company incorporated in Samoa with limited liability and a wholly owned subsidiary of UBA
“UBA Group”	UBA and its subsidiaries
“UBA Independent Board Committee”	the independent board committee of UBA composing Dr. FUNG Lewis Hung, Mr. TANG Hon Bui, Ronald and Mr. KWOK Ming Fai, independent non-executive directors of UBA
“UBA Independent Shareholders”	UBA Shareholders other than Fung Fai and its associates
“UBA 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
“USCL”	Upbest Securities 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 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) 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
“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

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

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

Hong Kong, 26 January 2022

** For identification purpose only*

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

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