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UPBEST GROUP LIMITED

美建集團有限公司*

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



UBA INVESTMENTS LIMITED

開明投資有限公司*

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

Continuing Connected Transaction in Relation to Securities Brokerage Commission

Reference is made to the joint announcement dated 11th February 2010 and the circular dated 8th March 2010 and 15th March 2010 issued by Upbest and UBA respectively. The Upbest Group and UBA Group have entered into supplemental agreements for the transaction in relation to the securities brokerage service provided by Upbest Group to UBA Group. It was agreed that the respective relevant original agreement will be extended for a period commencing from 1st April 2010 to 31st March 2013 and is subject to renewal by written supplemental agreements between both Upbest Group and UBA Group.

CCAA holds approximately 73.65% interest in Upbest. Fung Fai holds approximately 32.08% of UBA. The ultimate beneficial owner of CCAA and Fung Fai is Cheng's Family Trust. Beneficiaries of the Cheng's Family Trust include Mr. Cheng, Ms. Cheng and Mr. Andrew Cheng. Ms. Cheng and Mr. Andrew Cheng are directors of Upbest. Mr. Cheng was previously a director of Upbest and resigned on 5th March 2010. Mr. Andrew Cheng is also a director of UBA. Moreover, UAML, the investment manager of UBA, is regarded as a connected person of UBA under Rule 21.13 of the Listing Rules. Accordingly, the provision of securities brokerage service by USCL constitutes continuing connected transaction for Upbest Group and UBA Group under Rule 14A.34 of the Listing Rules.

Based on the proposed aggregate annual cap, all applicable percentage ratios are more than 0.1% but less than 5%. As such, the proposed annual cap is only subject to the reporting and announcement requirements pursuant to Rule 14A.34 of the Listing Rules.

BACKGROUND

CCAA, an investment holding company, holds approximately 73.65% interest in Upbest. Fung Fai, an investment holding company, holds approximately 32.08% of UBA. The

ultimate beneficial owner of CCAA and Fung Fai is Cheng's Family Trust. Beneficiaries of the Cheng's Family Trust include Mr. Cheng, Ms. Cheng and Mr. Andrew Cheng. Ms. Cheng and Mr. Andrew Cheng are directors of Upbest. Mr. Cheng was previously a director of Upbest and resigned on 5th March 2010. Mr. Andrew Cheng is also a director of UBA. Moreover, UAML, the investment manager of UBA, is regarded as a connected person of UBA under Rule 21.13 of the Listing Rules. Accordingly, the provision of securities brokerage service by USCL constitutes continuing connected transaction for Upbest Group and UBA Group under Rule 14A.34 of the Listing Rules.

The principal activity of Upbest is investment holding. Its subsidiaries are principally engaged in securities broking, futures broking, securities margin financing, money lending, corporate finance advisory, asset management, precious metal trading and property investment.

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

USCL is a wholly owned subsidiary of Upbest which provides securities brokerage service.

AGREEMENTS BETWEEN UPBEST GROUP AND UBA GROUP

Reference is made to the joint announcement dated 11th February 2010 and the circular dated 8th March 2010 and 15th March 2010 issued by Upbest and UBA respectively. The Upbest Group and UBA Group have entered into supplemental agreements dated 11th February 2010 for the transaction in relation to the securities brokerage service provided by Upbest Group to UBA Group. It was agreed that the respective relevant original agreement will be extended for a period commencing from 1st April 2010 to 31st March 2013 and is subject to renewal by written supplemental agreements between both Upbest Group and UBA Group.

Summary of the agreements

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

The above agreements have the same 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

In order to comply with the requirement set out in Rule 14A.35(1), on 1st November 2007, each of UBA, UBA Financial and Super Idea had entered into a supplemental agreement with USCL in relation to the securities brokerage service provided by USCL to UBA Group. According to the supplemental agreement entered into on 1st November 2007,

USCL and each of UBA, UBA Financial and Super Idea agreed that the original agreement will be terminated on 31st March 2010 and is subject to renewal by written supplemental agreement between the contract parties. On 11th February 2010, each of UBA, UBA Financial and Super Idea had entered into another supplemental agreement to further extend the terms to 31st March 2013. Save as disclosed above, the original agreements regarding the securities brokerage service shall in all respects remain and continue in full force and effect.

In the ordinary and usual course of business, USCL provides securities brokerage service, which charges brokerage commission rate at 0.25%, the prevailing market rate, on the value of the transactions. The securities brokerage commission is charged when transaction is concluded. Previously, it was expected that the annual brokerage commission would be less than HK\$1.0 million per annum. However, according to the actual circumstance, the securities brokerage commission incurred from the period from 1st April 2010 to 30th September 2010 amounted to approximately HK\$0.8 million. Taking into account future transactions, both Upbest and UBA consider that the possible amount of the Continuing Connected Transaction for the financial year ended 31st March 2011 may exceed HK\$1.0 million. Accordingly, both Upbest and UBA have to apply for the annual cap for the Continuing Connected Transaction for the year ending 31st March 2011, 2012 and 2013.

HISTORICAL DATA

The historical data in relation to securities brokerage commission is shown below:

	For the financial year ended			For the period
	31 st March 2008	31 st March 2009	31 st March 2010	1 st April 2010 to 30 th September 2010
	HK\$ million (Audited)	HK\$ million (Audited)	HK\$ million (Audited)	HK\$ million (Unaudited)
UBA's Net Asset Value	141.8	88.0	117.1	139.4
Provision of Securities Brokerage Service				
Commission (approximately)	1.8	0.4	0.5	0.8

For the three years ended 31st March 2008, 2009 and 2010, the provision of securities brokerage commission was exempted from the independent shareholders' approval requirements in accordance with Rule 14A.34 of the Listing Rules.

Securities brokerage commission amounted to approximately HK\$0.8 million for the period from 1st April 2010 to 30th September 2010. Securities brokerage commission incurred during the period from 1st April 2010 to 30th September 2010 was less than 5% of the applicable percentage ratio and was less than HK\$1.0 million pursuant to Rule 14A.33(3) of the Listing Rules, it was exempted from the reporting, annual review, announcement and independent shareholders' approval requirements.

ANNUAL CAP

With reference to the above historical information, the Upbest Board and UBA Board set

an annual cap amount for the Continuing Connected Transaction for the three financial years ending 31st March 2011, 2012 and 2013 as follows:

	Proposed annual cap amount for the financial year ending		
	31 st March 2011 HK\$ million	31 st March 2012 HK\$ million	31 st March 2013 HK\$ million
Provision of Securities Brokerage Service Commission	2.0	2.4	2.9

The annual cap amounts are determined with reference to the following major factors:

- (1) the actual amount of securities brokerage commission incurred for the period from 1st April 2010 to 30th September 2010;
- (2) estimated amount of the Continuing Connected Transaction for the period from 1st October 2010 to 31st March 2011 taking into account the market condition;
- (3) an expected annual growth rate of approximately 20%;
- (4) since UBA is an investment holding company, its portfolio mainly consists of listed securities. The turnover of UBA mainly reflects the listed securities transactions entered into by UBA Group. The securities brokerage commission charged is based on the transaction value. By reference to the growth rate of UBA's net asset value, the securities brokerage commission is expected to increase accordingly; and
- (5) growth rate of the turnover of the Hong Kong stock market.

The Upbest Board and UBA Board, including their respective independent non-executive directors, are of the opinion that the annual cap is fair and reasonable and in the interest of the respective company and their respective shareholders as a whole.

REASON FOR AND BENEFIT OF THE CONTINUING CONNECTED TRANSACTION

Upbest Group provides the services under the Continuing Connected Transaction since the commencement of business of UBA Group in year 2000. 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 engage in the Continuing Connected Transaction.

The Continuing Connected Transaction will continue to be conducted in the ordinary and usual course of business of Upbest Group and UBA Group, and on normal commercial terms determined on an arm's length basis.

Each of Upbest Board and UBA Board (including their respective independent non-executive directors) is satisfied that (1) the Continuing Connected Transaction has been entered into in the ordinary and usual course of both Upbest Group and UBA

Group's business on normal commercial terms and (2) the terms and conditions of the supplemental agreements and the annual cap are fair and reasonable and is in the interest of the respective company and their respective shareholders as a whole.

The relevant percentage ratios on an annual basis are more than 0.1% but less than 5% of the applicable percentage ratios. According to Rules 14A.34 of the Listing Rules, the review of the annual cap of the Continuing Connected Transaction of both Upbest and UBA is only subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules. The Continuing Connected Transaction is subject to the annual review requirements under Rules 14A.37 to 14A.40 of the Listing Rules and is exempted from the independent shareholders' approval requirements under Rule 14A.34 of the Listing Rules.

As at the date of this announcement, CCAA holds approximately 73.65% interest in Upbest. Fung Fai holds approximately 32.08% of UBA. The ultimate beneficial owner of CCAA and Fung Fai is Cheng's Family Trust. Beneficiaries of the Cheng's Family Trust include Mr. Cheng, Ms. Cheng and Mr. Andrew Cheng. Mr. Cheng was previously a director of Upbest and resigned on 5th March 2010 and each of Ms. Cheng and Mr. Andrew Cheng is a director of Upbest. Mr. Andrew Cheng is also a director of UBA. Moreover, UAML, the investment manager of UBA, is regarded as a connected person of UBA under Rule 21.13 of the Listing Rules. CCAA and its associates, being connected persons of Upbest with material interest in the Continuing Connected Transaction, will abstain from voting at any relevant board meeting to be convened for the approval of, inter alia, the Continuing Connected Transaction.

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 also required to be abstained from voting at any relevant board meeting to be convened for the approval of, inter alia, the Continuing Connected Transaction of each of Upbest and UBA.

By order of the Board
Upbest Group Limited
SUEN Man Tak, Stephen
Executive Director

By order of the Board
UBA Investments Limited
CHAU Wai Hing
Chairman

Hong Kong, 21st October 2010
** 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, Mr. WONG Ching Hung, Thomas and Dr. SZE Ping Fat as non-executive directors, Mr. SUEN Man Tak, Stephen, Mr. CHENG Wai Lun, Andrew and Ms. CHENG Wai Ling, Annie as executive directors; and Mr. PANG Cheung Hing, Alex, Mr. CHAN Chung Yee, Alan and Mr. FUK Ho Kai as independent non-executive directors.

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

DEFINITIONS

“CCAA”	CCAA Group Limited, an investment holding company, holds approximately 73.65% interest in Upbest
“Cheng’s Family Trust”	is a trust of which the discretionary objects are members of Mr. Cheng’s family
“Continuing Connected Transaction”	the securities brokerage service provided by USCL to UBA Group
“Fung Fai”	Fung Fai Growth Limited, an investment holding company, holds approximately 32.08% of UBA
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Andrew Cheng”	Mr. Cheng Wai Lun, Andrew
“Mr. Cheng”	Mr. Cheng Kai Ming, Charles
“Ms. Cheng”	Ms. Cheng Wai Ling, Annie
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Super Idea”	Super Idea International Limited, a company incorporated in British Virgin Islands with limited liability, is a wholly owned subsidiary of UBA and is principally engaged in investment in listed securities and unlisted securities.
“UAML”	Upbest Assets Management Limited, a company incorporated in Hong Kong with limited liability, is registered as an investment adviser with the Securities and Futures Commission and is principally engaged in the provision of investment and asset management services for discretionary and non-discretionary funds. 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, is a wholly owned subsidiary of UBA and is principally engaged in investment in listed securities and unlisted securities.
“UBA Group”	UBA and its subsidiaries
“UBA Shareholders”	Shareholders of UBA
“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.
“USCL”	Upbest Securities Company Limited, a company incorporated in Hong Kong with limited liability, is registered under the Securities and Futures Commission and is principally engaged in the provision of type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities. Upbest Securities Company Limited is a wholly owned subsidiary of Upbest Group.
“Upbest Board”	The board of directors, including the independent non-executive directors, of Upbest
“Upbest Group”	Upbest and its subsidiaries
“Upbest Shareholders”	Shareholders of Upbest
“Upbest”	Upbest Group Limited, a company incorporated in the Cayman Islands with limited liability, the securities of which are listed on the main board of the Stock Exchange