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PROSPERITY INVESTMENT HOLDINGS LIMITED

嘉進投資國際有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 310)

CONTINUING CONNECTED TRANSACTION INVOLVING AMENDMENT TO THE INVESTMENT MANAGEMENT AGREEMENT

On 20 July 2021 (after trading hours), the Company entered into the Supplemental Agreement with Opus Capital to revise the monthly management fee payable by the Company under the IM Agreement for the Remaining Management Period, i.e. from 1 July 2021 to 31 December 2021, from HK\$600,000 per month (exclusive of disbursements) to HK\$100,000 per month (exclusive of disbursements).

As Opus Capital is the investment manager of the Company, Opus Capital is a connected person of the Company pursuant to Rule 14A.08 of the Listing Rules and the transaction contemplated under the Supplemental Agreement constitutes a material change to the terms of a continuing connected transaction of the Company under Chapter 14A of the Listing Rules. As the aggregate annual remuneration payable by the Company under the IM Agreement, as amended by the Supplemental Agreement, for the year ending 31 December 2021 is less than HK\$10,000,000 and each of the applicable percentage ratios in respect of the Revised Annual Cap is less than 25%, the Supplemental Agreement is subject to the reporting, announcement and annual review requirements but exempt from the circular (including independent financial advice) and independent shareholders' approval requirements of the Listing Rules.

Reference is made to the Company’s announcement dated 18 December 2018 in relation to the entering into of the IM Agreement for the appointment of Opus Capital as the investment manager of the Company with effect from 1 January 2019 for a period of three (3) years at a fixed monthly management fee of HK\$600,000 and other material terms and conditions therein disclosed.

SUPPLEMENTAL AGREEMENT

On 20 July 2021 (after trading hours), the Company and Opus Capital entered into the Supplemental Agreement to revise the monthly management fee payable by the Company under the IM Agreement for the Remaining Management Period, i.e. from 1 July 2021 to 31 December 2021, from HK\$600,000 per month (exclusive of disbursements) to HK\$100,000 per month (exclusive of disbursements).

Save as aforesaid, all other terms of the IM Agreement remain in full force and effect.

REVISED ANNUAL CAP

In view of the reduction of the fixed monthly fee payable by the Group for the Remaining Management Period, the annual cap for the year ending 31 December 2021 will be reduced from HK\$8,000,000 to HK\$5,000,000 (the “**Revised Annual Cap**”). In the event that the aggregate fees payable by the Group under the IM Agreement, as amended by the Supplemental Agreement, for the year ending 31 December 2021 exceeds the Revised Annual Cap, the Company will comply with all the relevant requirements under Chapter 14A of the Listing Rules as and when appropriate. The following table sets forth the historical figures of the remuneration paid to Opus Capital under the IM Agreement, the original annual caps and Revised Annual Cap:

Period covered	Management fee	Discretionary bonus	Total remuneration paid	Original annual cap	Revised Annual Cap
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
1 January 2019 to 31 December 2019	7,200,000	—	7,200,000	7,930,000	N/A
1 January 2020 to 31 December 2020	7,200,000	—	7,200,000	7,960,000	N/A
1 January 2021 to 30 June 2021 (<i>note 1</i>)	3,600,000	—	3,600,000	8,000,000	5,000,000
		<i>(note 2)</i>	<i>(note 2)</i>		

Notes:

- No information is available for the month of July 2021 yet.
- As the 2021 financial year has not yet ended, the Board has not yet deliberated whether or not to pay any discretionary bonus. The remuneration amount of HK\$3,600,000 paid represents the fixed monthly fee paid from January 2021 to June 2021.

INFORMATION OF OPUS CAPITAL

Opus Capital is principally engaged in the business of provision of investment management services covering traditional and alternative investments via various platforms. It currently has 3 Responsible Officers and 6 Licensed Representatives, and is managing several other third party funds including traditional equity funds and private equity funds.

INFORMATION ON THE GROUP

The Company is an investment company listed under Chapter 21 of the Listing Rules. The Group is principally engaged in investment in both listed and unlisted investments and other related financial assets.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SUPPLEMENTAL AGREEMENT

Opus Capital was appointed as the investment manager of the Company with effect from 1 January 2019. As at 31 December 2018, the total assets of the Company amounted to around HK\$300 million. The total assets of the Company, being the value of the Assets under the management of Opus Capital, dropped to approximately HK\$130 million as at 31 December 2020. The revised monthly fee was agreed after arms-length negotiations between the Company and Opus Capital and the Board is of the view that the reduction of the monthly management fee is reflective of the drop in total value of the Assets under the management of Opus Capital.

The Board (including the independent non-executive Directors) considers that the terms of the Supplemental Agreement are on normal commercial terms or better in so far as the Company is concerned, in the ordinary and usual course of business of the Group, fair and reasonable, and the entering into of the Supplemental Agreement is in the interests of the Company and its shareholders as a whole. None of the Directors has a material interest in the Supplemental Agreement and therefore no Director was required to abstain from voting on the relevant Board resolution approving the Supplemental Agreement.

LISTING RULES IMPLICATIONS

Opus Capital is a connected person of the Company pursuant to Rule 14A.08 of the Listing Rules and the transaction contemplated under the Supplemental Agreement constitutes a material change to the terms of a continuing connected transaction of the Company under Chapter 14A of the Listing Rules. As the aggregate annual remuneration payable by the Company under the IM Agreement, as amended by the Supplemental Agreement, for the year ending 31 December 2021 is less than HK\$10,000,000 and each of the applicable percentage ratios in respect of the Revised Annual Cap is less than 25%, the Supplemental Agreement is subject to the reporting, announcement and annual review requirements but exempt from the circular (including independent financial advice) and independent shareholders' approval requirements of the Listing Rules.

DEFINITIONS

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

“Assets”	the assets and rights from time to time of the Company
“Board”	the board of Directors
“Company”	Prosperity Investment Holdings Limited, a company incorporated in Bermuda with limited liability, with its issued shares listed on the mainboard of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“IM Agreement”	the agreement dated 18 December 2018 entered into between the Company and Opus Capital in relation to the appointment of Opus Capital as the Company’s investment manager for the period from 1 January 2019 to 31 December 2021
“Licensed Representative”	an individual who is granted a licence under section 120(1) of the SFO to carry on one or more regulated activity for a licensed corporation to which he/she is accredited
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Opus Capital”	Opus Capital Management Limited, a company incorporated in Hong Kong and licensed to carry out Type 9 (asset management) regulated activity under the SFO and the investment manager of the Group under the IM Agreement (as amended by the Supplemental Agreement)
“Remaining Management Period”	the period from 1 July 2021 to 31 December 2021, being the remaining term of the IM Agreement
“Responsible Officer”	Licensed Representative who is also approved as a responsible officer under section 126 of the SFO to supervise the regulated activity of the licensed corporation to which he/she is accredited

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	the agreement dated 20 July 2021 entered into between the Company and Opus Capital to amend the monthly management fee payable by the Company under the IM Agreement for the period from 1 July 2021 to 31 December 2021
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

By Order of the Board
Prosperity Investment Holdings Limited
Lau Tom Ko Yuen
Chairman

Hong Kong, 20 July 2021

As at the date of this announcement, the Board comprises one non-executive Director, namely Mr. Lau Tom Ko Yuen and three independent non-executive Directors, namely Mr. Feng Nien Shu, Mr. Lui Siu Tsuen, Richard and Ms. Wong Lai Kin, Elsa.

* *For identification purpose only*