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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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**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 registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in **Prosperity Investment Holdings Limited**, you should at once hand this circular together with 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 the transferee.

This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of Prosperity Investment Holdings Limited.

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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: 00310)

**(1) PROPOSED CAPITAL REORGANISATION;  
(2) PROPOSED PLACING OF CONVERTIBLE NOTES  
UNDER SPECIFIC MANDATE;  
AND  
(3) NOTICE OF SPECIAL GENERAL MEETING**

Placing Agent



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Capitalised terms used on this cover page shall have the same meanings as those defined in the section headed "Definitions" in this circular.

A notice convening the SGM of the Company to be held at R3 & R4, United Conference Centre, 10/F., United Centre, 95 Queensway, Admiralty, Hong Kong on Monday, 11 December 2023 at 11:00 a.m. is set out on pages SGM-1 to SGM-4 of this circular. A form of proxy for use at the SGM or any adjournment thereof (as the case may be) is enclosed with this circular.

Whether or not you are able to attend the SGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon. The form of proxy shall be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event before 11:00 a.m. on Saturday, 9 December 2023. Completion and deposit of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjourned meeting (as the case may be) should you so wish and in such event, the form of proxy shall be deemed to be revoked.

The Chinese translation of this circular is for reference only and in case of inconsistency, the English version shall prevail.

\* for identification purpose only

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## DEFINITIONS

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

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	board of Directors
“Business Day(s)”	a day (other than a Saturday, a Sunday and a public holiday) on which banks are generally open for business in Hong Kong
“Bye-laws”	the bye-laws of the Company (as amended from time to time)
“Capital Reorganisation”	the proposed reorganisation of the share capital of the Company involving: (i) the Share Consolidation; (ii) the Capital Reduction; and (iii) the Share Sub-division
“Capital Reduction”	the proposed reduction of the par value of each of the then issued Consolidated Shares from HK\$0.25 to HK\$0.001 by cancelling the paid-up capital to the extent of HK\$0.249 on each of the then issued Consolidated Shares
“CCASS”	the Central Clearing and Settlement System operated by HKSCC
“CCASS Operation Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time
“Closing Date”	within five (5) Business Days following the date on which the conditions precedent set out in the Placing Agreement are fulfilled or being satisfied
“CN Holder(s)”	holder(s) of the Convertible Note(s)
“Companies Act”	the Companies Act 1981 of Bermuda (as amended)
“Company”	Prosperity Investment Holdings Limited, a company incorporated in Bermuda with limited liability, with its issued Shares listed on the Main Board of the Stock Exchange
“Completion”	the completion of the Placing in accordance with the terms and conditions set out in the Placing Agreement
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Consolidated Share(s)”	ordinary share(s) of par value of HK\$0.25 each in the share capital of the Company immediately after the Share Consolidation becoming effective

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## DEFINITIONS

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“Contributed Surplus Account”	the contributed surplus account of the Company within the meaning of the Companies Act
“Conversion Period”	the period commencing from the date of first issue of the Convertible Notes up to and including the date falling on the seventh (7th) day immediately prior to the Maturity Date
“Conversion Price”	initially HK\$0.166, subject to adjustments in accordance with the terms and conditions of the Convertible Notes
“Conversion Rights”	the rights attached to the Convertible Notes to convert the aggregate principal amount or a part thereof into Conversion Shares
“Conversion Share(s)”	the New Share(s) to be issued by the Company upon exercise of the Conversion Rights
“Convertible Note(s)”	the convertible note(s) in an aggregate principal amount of up to HK\$5,000,000 to be issued by the Company pursuant to the Placing Agreement
“Director(s)”	director(s) of the Company
“Effective Date”	the second (2nd) Business Day immediately following the date of the SGM (subject to the passing of the special resolution approving the Capital Reorganisation and the fulfillment of the other conditions set forth in the paragraph headed “Conditions of the Capital Reorganisation” in this circular)
“Existing Share(s)”	ordinary share(s) of par value of HK\$0.025 each in the share capital of the Company prior to the Capital Reorganisation becoming effective
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Directors, chief executive and substantial shareholders of the Company or any of its subsidiaries, or any of their respective associates

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## DEFINITIONS

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“Latest Practicable Date”	21 November 2023, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“Maturity Date”	the date falling on the second (2nd) anniversary of the date of first issue of the Convertible Notes or if that is not a Business Day, the first Business Day thereafter
“New Share(s)”	ordinary share(s) of par value of HK\$0.001 each in the share capital of the Company immediately upon the Capital Reorganisation becoming effective
“Placee(s)”	professional investor(s) procured by the Placing Agent to subscribe for any of the Convertible Note(s) pursuant to the Placing Agreement
“Placing”	the placing of the Convertible Notes under the Specific Mandate pursuant to the terms and conditions of the Placing Agreement
“Placing Agent”	Opus Securities Limited, a corporation licensed under the SFO to conduct Type 1 (dealing in securities) regulated activity under the SFO, being the placing agent of the Convertible Notes under the Placing Agreement
“Placing Agreement”	the conditional placing agreement dated 16 November 2023 entered into between the Company as issuer and the Placing Agent as placing agent in relation to the Placing
“PRC”	the People’s Republic of China which, for the purpose of this circular only, does not include Hong Kong, Macau and Taiwan
“Redemption Premium”	as described under the section headed “Principal terms of the Convertible Notes — Redemption Premium” in this circular
“Registrar”	the Company’s branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited of 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
“SFC”	Securities and Futures Commission
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

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## DEFINITIONS

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“SGM”	the special general meeting of the Company to be held on Monday, 11 December 2023 at 11:00 a.m. to consider and, if thought fit, approve the Capital Reorganisation, the Placing Agreement and the transactions contemplated thereunder including the issue of the Convertible Notes and the grant of the Specific Mandate for the allotment and issue of the Conversion Shares, the notice of which is set out on pages SGM-1 to SGM-4 of this circular, or any adjournment thereof
“Share(s)”	Existing Share(s), Consolidated Share(s), New Share(s) and/or Conversion Share(s), as the case maybe
“Share Consolidation”	the proposed consolidation of every ten (10) issued Existing Shares of par value of HK\$0.025 each in the issued share capital of the Company into one (1) issued Consolidated Share of par value of HK\$0.25
“Share Sub-division”	the proposed sub-division of each of the then authorised but unissued Existing Shares of par value of HK\$0.025 each into twenty-five (25) New Shares of par value of HK\$0.001 each
“Shareholder(s)”	holder(s) of the Share(s)
“Specific Mandate”	the specific mandate to be granted to the Directors by the Shareholders at the SGM for the allotment and issue of the Conversion Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers and Share Repurchases
“%” or “per cent.”	percentage or per centum

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## EXPECTED TIMETABLE

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*The expected timetable for the Capital Reorganisation is set out below. The expected timetable is subject to, among others, the results of the SGM and is therefore for indicative purpose only. Any change to the expected timetable will be announced in a separate announcement by the Company as and when appropriate. All times and dates in this circular refer to Hong Kong local times and dates.*

<b>Event</b>	<b>Time and date</b>
Expected despatch date of the circular with notice of the SGM . . . . .	on or before 24 November 2023
Latest date and time for lodging transfer documents in order to qualify for attending and voting at the SGM . . . . .	4:30 p.m. on Tuesday, 5 December 2023
Closure of the register of members of the Company to determine the entitlement to attend and vote at the SGM (both days inclusive) . . . . .	Wednesday, 6 December 2023 to Monday, 11 December 2023
Latest time for lodging proxy form for the SGM . . . . .	11:00 a.m. on Saturday, 9 December 2023
Date and time of the SGM . . . . .	11:00 a.m. on Monday, 11 December 2023
Publication of the announcement of the results of the SGM . . . . .	Monday, 11 December 2023

***The following events are conditional on the fulfillment of the conditions for the implementation of the Capital Reorganisation as set out in this circular, and therefore the dates are tentative:***

Effective date of the Capital Reorganisation . . . . .	Wednesday, 13 December 2023
First day of free exchange of Existing Share certificates for new share certificates for the New Shares . . . . .	Wednesday, 13 December 2023
Dealing in the New Shares commences . . . . .	9:00 a.m. on Wednesday, 13 December 2023
Original counter for trading in Shares in board lots of 15,000 Existing Shares (in form of existing share certificates) temporarily closes . . . . .	9:00 a.m. on Wednesday, 13 December 2023
Temporary counter for trading in New Shares in board lots of 1,500 New Shares (in the form of existing share certificates) opens . . . . .	9:00 a.m. on Wednesday, 13 December 2023
Original counter for trading in the New Shares in board lots of 15,000 New Shares (in the form of new share certificates for New Shares) re-opens . . . . .	9:00 a.m. on Friday, 29 December 2023
Parallel trading in the Shares and New Shares (in the form of the existing and new share certificates) commences . . . . .	9:00 a.m. on Friday, 29 December 2023

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## EXPECTED TIMETABLE

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Designated broker starts to stand in the market to provide matching services for the sale and purchase of odd lots of the New Shares ..... 9:00 a.m. on Friday, 29 December 2023

Designated broker ceases to stand in the market to provide matching services for the sale and purchase of odd lots of the New Shares ..... 4:00 p.m. on Friday, 19 January 2024

Temporary counter for trading in board lots of 1,500 New Shares (in the form of existing share certificates) closes ..... 4:10 p.m. on Friday, 19 January 2024

Parallel trading in the Shares and the New Shares (in the form of new and existing share certificates) ends ..... 4:10 p.m. on Friday, 19 January 2024

Last day of free exchange of Existing Share certificates for new share certificates for the New Shares ..... 4:30 p.m. on Tuesday, 23 January 2024

*Note:*

Shareholders should note that the dates and deadlines specified herein is subject to the satisfaction of all the conditions of the Capital Reorganisation, including without limitation, the approval of the Capital Reorganisation by the Shareholders at the SGM, and are therefore for indicative purpose only.

In the event that any special circumstances arise, such dates and deadlines may be adjusted by the Board if it considers appropriate. Any changes to the expected timetable will be published or notified to the Shareholders by way of announcement(s) on the website of the Stock Exchange and on the website of the Company as and when appropriate.



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## LETTER FROM THE BOARD

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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: 00310)

*Executive Director:*

Position vacant since 10 June 2021

*Non-executive Directors:*

LAU Tom Ko Yuen (*Chairman*)

*Independent non-executive Directors:*

FENG Nien Shu

LUI Siu Tsuen, Richard

WONG Lai Kin, Elsa

IP Kwok Kwong

*Registered office:*

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

*Principal place of business*

*in Hong Kong:*

Suite 305, Shui On Centre

6–8 Harbour Road

Wanchai, Hong Kong

24 November 2023

*To the Shareholders*

Dear Sir or Madam,

**(1) PROPOSED CAPITAL REORGANISATION;  
(2) PROPOSED PLACING OF CONVERTIBLE NOTES  
UNDER SPECIFIC MANDATE; AND  
(3) NOTICE OF SPECIAL GENERAL MEETING**

#### INTRODUCTION

Reference is made to the announcement of the Company dated 16 November 2023 in respect of the proposed Capital Reorganisation and the proposed placing of Convertible Notes under specific mandate.

#### 1. PROPOSED CAPITAL REORGANISATION

##### Share Consolidation

The proposed Share Consolidation is on the basis that every ten (10) issued Existing Shares of par value of HK\$0.025 each in the issued share capital of the Company be consolidated into one (1) issued Consolidated Share of par value of HK\$0.25.

\* for identification purpose only

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## LETTER FROM THE BOARD

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### Capital Reduction

Immediately following the Share Consolidation, the share capital of the Company will be reduced whereby:

- (i) the par value of each of the then issued Consolidated Shares will be reduced from HK\$0.25 to HK\$0.001 by cancelling the paid-up capital of the Company to the extent of HK\$0.249 on each of the then issued Consolidated Shares; and
- (ii) the credit arising from the Capital Reduction will be credited to the Contributed Surplus Account for use by the Directors in any manner as permitted under applicable laws and the Bye-laws.

### Share Sub-division

Immediately following the Capital Reduction, each of the then authorised but unissued Existing Shares of par value of HK\$0.025 each will be sub-divided into twenty-five (25) New Shares of par value of HK\$0.001 each.

### Conditions of the Capital Reorganisation

The Capital Reorganisation is conditional upon:

- (i) the passing of the special resolution by the Shareholders at the SGM to approve the Capital Reorganisation involving the Share Consolidation, the Capital Reduction and the Share Sub-division;
- (ii) compliance with the requirements of section 46(2) of the Companies Act to effect the Capital Reorganisation and the Directors having satisfied that on the Effective Date, there are no reasonable grounds for believing that the Company is, or after the Effective Date would be, unable to pay its liabilities as they become due;
- (iii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the New Shares arising from the Capital Reorganisation;
- (iv) the compliance with the relevant procedures and requirements under the Listing Rules to effect the Capital Reorganisation; and
- (v) the obtaining of all necessary approvals from the regulatory authorities or otherwise as may be required in respect of the Capital Reorganisation.

As at the Latest Practicable Date, none of the conditions above had been fulfilled. Subject to the fulfilment of the above conditions, the Capital Reorganisation will be completed and become effective on the Effective Date.

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## LETTER FROM THE BOARD

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### Effects of the Capital Reorganisation and Status of the New Shares

As at the Latest Practicable Date, the authorised share capital of the Company is HK\$100,000,000 divided into 4,000,000,000 Existing Shares of par value of HK\$0.025 each, of which 1,211,320,200 Existing Shares have been issued and fully paid or credited as fully paid.

Assuming there will be no change in the issued share capital of the Company from the Latest Practicable Date up to the Effective Date, (i) the authorised share capital of the Company will, upon the Effective Date, be HK\$100,000,000 divided into 100,000,000,000 New Shares of par value of HK\$0.001 each, of which 121,132,020 New Shares will be issued as fully paid or credited as fully paid; and (ii) the issued share capital of the Company will be approximately HK\$121,132.

Upon the Capital Reorganisation becoming effective, the New Shares shall rank *pari passu* in all respects with each other. The Capital Reorganisation will not result in any change in the relative rights of the Shareholders. Other than the expenses to be incurred by the Company in relation to the Capital Reorganisation, the implementation thereof will not, by itself, affect the underlying assets, business operations, management or financial position of the Group or the proportionate interests or rights of the Shareholders as a whole, save for any fractional Consolidated Shares which may arise from the Share Consolidation.

The following table sets out the effects of the Capital Reorganisation on the share capital of the Company before and after the implementation of the Capital Reorganisation, assuming that there is no change in the issued share capital of the Company from the Latest Practicable Date until the Effective Date:

	<b>As at the Latest Practicable Date</b>	<b>Immediately after the Capital Reorganisation becoming effective</b>
Par value	HK\$0.025 per Existing Share	HK\$0.001 per New Share
<b>Authorised Shares</b>		
Number of authorised Shares	4,000,000,000 Existing Shares	100,000,000,000 New Shares
Amount of authorised share capital	HK\$100,000,000	HK\$100,000,000

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## LETTER FROM THE BOARD

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	As at the Latest Practicable Date	Immediately after the Capital Reorganisation becoming effective
<b>Issued Shares</b>		
Number of issued Shares	1,211,320,200	121,132,020
	Existing Shares	New Shares
Amount of the issued share capital	HK\$30,283,005	HK\$121,132
<b>Unissued Shares</b>		
Number of unissued Shares	2,788,679,800	99,878,867,980
	Existing Shares	New Shares
Amount of the unissued share capital	HK\$69,716,995	HK\$99,878,868

### **Fractional Consolidated Shares**

Fractional Consolidated Shares arising from the Share Consolidation, if any, will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Existing Shares regardless of the number of share certificates held by such holder.

### **Listing application**

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the New Shares to be in issue upon the Capital Reorganisation becoming effective.

Subject to the granting of listing of, and permission to deal in, the New Shares on the Stock Exchange, as well as compliance with the stock admission requirement of HKSCC upon the Capital Reorganisation becoming effective, the New Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the New Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the New Shares to be admitted into CCASS established and operated by HKSCC.

The New Shares will be identical in all respects and rank *pari passu* in all respects with each other in accordance with the Bye-laws as to all future dividends and distributions which are to be declared, made or paid.

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## LETTER FROM THE BOARD

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None of the Existing Shares are listed or dealt in on another stock exchange other than the Stock Exchange, and at the time when the Capital Reorganisation becoming effective, the New Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

### **Other arrangements**

#### *Exchange of Certificates for New Shares*

Subject to the Capital Reorganisation becoming effective, which is currently expected to be on Wednesday, 13 December 2023, being the second Business Day immediately after the date of the SGM, the Shareholders may on or after 9:00 a.m. on Wednesday, 13 December 2023 and until 4:30 p.m. on Tuesday, 23 January 2024, submit their existing share certificates for the Existing Shares (in the colour of light grey) to the Registrar during business hours to exchange for new share certificates for the New Shares (in the colour of pink) at the expense of the Company.

Thereafter, share certificates for the Existing Shares will be accepted for exchange only upon payment of a fee of HK\$2.5 (or such other amount as may from time to time be specified by the Stock Exchange) by the Shareholders for each share certificate for the Existing Shares submitted for cancellation or each new share certificate issued for the New Shares, whichever the number of share certificates cancelled or issued is higher.

Subject to and upon the Capital Reorganisation becoming effective, after trading hours on Friday, 19 January 2024, trading will only be in the New Shares. Share certificates for the Existing Shares will continue to remain good evidence of legal title and may be exchanged for share certificates for the New Shares at any time but will not be accepted for delivery, trading, settlement and registration purposes.

#### *No change in board lot size*

The Existing Shares are currently traded on the Stock Exchange in board lot size of 15,000 Existing Shares. Upon the Capital Reorganisation becoming effective, the board lot size for trading in the New Shares will remain unchanged at 15,000 New Shares per board lot.

Based on the closing price of HK\$0.015 per Existing Share (equivalent to the theoretical closing price of HK\$0.15 per New Share) as quoted on the Stock Exchange as at the announcement date of the Capital Reorganisation and the placing of Convertible Notes, being 16 November 2023, (i) the value per board lot of 15,000 Existing Shares is HK\$225; and (ii) the estimated value per board lot of 15,000 New Shares would be HK\$2,250, assuming that the Capital Reorganisation becomes effective.

Based on the closing price of HK\$0.011 per Existing Share (equivalent to the theoretical closing price of HK\$0.11 per New Share) as quoted on the Stock Exchange as at the Latest Practicable Date, (i) the value per board lot of 15,000 Existing Shares is HK\$165; and (ii) the estimated value per board lot of 15,000 New Shares would be HK\$1,650, assuming that the Capital Reorganisation becomes effective.

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## LETTER FROM THE BOARD

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### *Reasons for and the benefits of the Capital Reorganisation*

The proposed Capital Reorganisation will enable the par value of the Shares to be reduced from HK\$0.025 to HK\$0.001 each.

Pursuant to the Companies Act and the Bye-laws, the Company shall not issue any shares at a price below par value. As the Existing Shares are currently trading at a price below par value, in order to facilitate possible fund raising activities in the future, it is necessary to implement the Capital Reorganisation to lower the par value of the Shares, giving greater flexibility to the Company to issue new Shares in the future.

Further, pursuant to Rule 13.64 of the Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the issuer may be required either to change the trading method or to proceed with a consolidation or splitting of its securities.

The “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 1 October 2020 has stated that market price of the shares at a level less than HK\$0.1 will be considered as trading at extremity as referred to under Rule 13.64 of the Listing Rules.

Taking into account of the closing price of HK\$0.011 per Share on 21 November 2023 (being the Latest Practicable Date), the Share Consolidation would enable the Company to comply with the trading requirements under the Listing Rules.

The Share Consolidation will increase the par value of the Shares and will reduce the total number of Shares currently in issue. As such, it is expected that the Share Consolidation will bring about a corresponding upward adjustment in the trading price of the Shares.

The Capital Reduction and the Share Sub-division will keep the par value of the New Shares at a lower level of HK\$0.001 per New Share, which allows greater flexibility in the pricing for any issue of new Shares in the future.

The Board considers that the Capital Reorganisation is beneficial to and in the interests of the Company and the Shareholders as a whole.

When considering the Capital Reorganisation, the Board has taken into account the business plan of the Company for the next 12 months. As at the Latest Practicable Date, the Company has no intention to carry out other corporate reorganisation plan in the next 12 months which may have an effect of undermining or negating the intended purpose of the Capital Reorganisation, and the Company currently does not have any concrete plan to conduct any fund raising activities in the next 12 months except for the Placing. However, the Board cannot rule out the possibility that the Company will conduct debt and/or equity fund raising exercises when suitable fund raising and/or investment opportunities arise in order to support, among others, working capital requirements and future investment strategy of the Group. The Company will make further announcement(s) in this regard in accordance with the Listing Rules as and when appropriate.

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## LETTER FROM THE BOARD

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### Odd lots trading arrangement

In order to facilitate the trading of odd lots of the New Shares, the Company will appoint Opus Securities Limited to provide a matching service, on a best efforts basis, to those Shareholders who wish to acquire odd lots of the New Shares to make up a full board lot, or to dispose of their holding of odd lots of the New Shares during the period from Friday, 29 December 2023 at 9:00 a.m. to market closing time on Friday, 19 January 2024 at 4:00 p.m. (both days inclusive). Shareholders who wish to use this matching service should contact Mr. Leung Tai Wai, David of Opus Securities Limited at 8/F, Fung House, 19–20 Connaught Road Central, Central, Hong Kong or at the telephone number (852) 2567 0200 during office hours (i.e. 9:00 a.m. to 5:00 p.m.) of such period.

The Company shall pay a fee to Opus Securities Limited to provide a matching service in relation to the odd lots trading arrangement.

The fee payable in respect of the matching service was negotiated on an arm's length basis between the Company and Opus Securities Limited and determined with reference to, amongst other things, the market rate for the matching service. The Directors consider that the fee payable in respect of the matching service is fair and reasonable based on the current market conditions.

Since the highest applicable percentage ratio calculated under Rule 14.07 of the Listing Rules in respect of the fee payable in respect of the matching service in relation to the odd lots trading arrangement, is expected to be less than 5% and the total consideration is less than HK\$3,000,000, the amount constitutes a *de minimis* connected transaction under Rule 14A.76(1) of the Listing Rules and is fully exempt from the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Shareholders holding odd lots of the New Shares should note that the matching of the sale and purchase of odd lots of the New Shares is not guaranteed. Shareholders who are in any doubt about the odd lots matching arrangement are recommended to consult their own professional advisers.

**Shareholders and potential investors of the Company should note that (i) odd lots will be created after the Capital Reorganisation; (ii) odd lots arrangements do not guarantee successful matching of all odd lots at the relevant market price; and (iii) odd lots might be sold below the market price.**

## 2. PROPOSED PLACING OF CONVERTIBLE NOTES UNDER SPECIFIC MANDATE

On 16 November 2023 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which subject to the Capital Reorganisation becoming effective, the Placing Agent conditionally agreed to procure on a best effort basis, not less than six (6) Placees to subscribe in cash for the Convertible Notes in an aggregate principal amount of up to HK\$5,000,000.

The initial Conversion Price for the Convertible Notes is HK\$0.166 per Conversion Share (subject to adjustments in accordance with the terms and conditions of the Convertible Notes). Assuming the Convertible Notes are placed in full, upon full exercise and conversion of the Conversion Notes, a maximum of 30,120,481 New Shares will be issued (based on the initial Conversion Price of

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## LETTER FROM THE BOARD

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HK\$0.166), representing (i) approximately 24.87% of the total number of New Shares in issue as adjusted for the Capital Reorganisation; and (ii) approximately 19.91% of the Company's issued New Shares as enlarged by the issue of the Conversion Shares and as adjusted for the Capital Reorganisation.

Assuming the Convertible Notes are successfully placed in full by the Placing Agent pursuant to the Placing Agreement, the gross proceeds from the Placing will be HK\$5,000,000. The net proceeds (after deducting placing commission and other expenses) will amount to approximately HK\$4,700,000, which will be used for general working capital purposes and future investments in terms of potential investment in listed securities pursuant to the investment objectives of the Company.

The Company had no outstanding convertible securities, options, or warrants in issues, which confer any rights to subscribe for, convert or exchange into Existing Shares, as at the Latest Practicable Date.

### **The Placing Agreement**

#### *Date*

16 November 2023 (after trading hours)

#### *Parties*

Issuer : the Company  
Placing Agent : Opus Securities Limited

#### *The Placing*

Subject to the Capital Reorganisation becoming effective, the Placing Agent conditionally agreed to procure, on a best effort basis, not less than six (6) Placees who and whose ultimate beneficial owners are Independent Third Parties to subscribe in cash for the Convertible Notes in an aggregate principal amount of up to HK\$5,000,000 at the issue price of 100% of the principal amount of the Convertible Notes.

#### *Principal terms of the Convertible Notes*

Principal terms of the Convertible Notes are set out below:

Issuer : the Company

Aggregate principal amount : Up to HK\$5,000,000

Maturity Date : The date falling on the second (2nd) anniversary of the date of first issue of the Convertible Notes or if that is not a Business Day, the first Business Day thereafter.

Interest rate : 8% per annum, accrued daily on a 360 days basis and payable semi-annually in arrears.



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## LETTER FROM THE BOARD

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Conversion Price : Initially HK\$0.166 per Conversion Share, subject to adjustments in accordance with the provisions of the Convertible Notes.

Adjustments to the Conversion Price : The Conversion Price shall from time to time be adjusted if any event listed below arises:

- (a) If there is an alteration to the nominal value of the Shares as a result of consolidation or subdivision, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such alteration by the following fraction:

$$\frac{A}{B}$$

where:

A is the nominal amount of one Share immediately after such alteration; and

B is the nominal amount of one Share immediately before such alteration.

- (b) If the Company shall issue Shares to all or substantially all Shareholders as a class by way of rights, or shall issue or grant to all or substantially all Shareholders as a class, by way of rights, any options, warrants or other rights to subscribe for or purchase any Shares, in each case at less than 80% of the current market price per Share on the last trading day preceding the announcement of the terms of the issue or grant (whether or not such issue or grant is subject to the approval of the holders of Shares or other persons), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue or grant by the following fraction:

$$\frac{A + B}{A + C}$$

where:

A is the number of Shares in issue immediately before such announcement;

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## LETTER FROM THE BOARD

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B is the number of Shares which the aggregate amount (if any) payable for the Shares issued by way of rights or for the options or warrants or other rights issued by way of rights and for the total number of Shares comprised therein would purchase at such current market price per Share; and

C is the aggregate number of Shares issued or, as the case may be, comprised in the grant.

- (c) If the Company issues (otherwise than as mentioned in sub-paragraph (b) above) any Shares (other than Shares issued on the exercise of Conversion Rights or on the exercise of any other rights of conversion into, or exchange or subscription for, Shares), or issue or grant (otherwise than as mentioned in sub-paragraph (b) above) options, warrants or other rights to subscribe for or purchase Shares, in each case at a price per Share which is less than 80% of the current market price on the last trading day preceding the date of announcement of the terms of such issue or grant, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue or grant by the following fraction:

$$\frac{A + B}{C}$$

where:

A is the number of Shares in issue immediately before the issue of such additional Shares or the issue or grant of such options, warrants or other rights to subscribe for or purchase any Shares;

B is the number of Shares which the aggregate consideration receivable for the issue of such additional Shares would purchase at such current market price per Share; and

C is the number of Shares in issue immediately after the issue of such additional Shares.

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## LETTER FROM THE BOARD

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- (d) If the Company shall issue any securities (other than the Convertible Notes) which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares or securities which by their terms might be redesignated as Shares to be issued by the Company upon conversion, exchange or subscription or redesignation, at a consideration per Share receivable by the Company which is less than 80% of the current market price on the last trading day preceding the date of the announcement of the terms of the issue of such securities, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the number of Shares in issue immediately before such issue;
- B is the number of Shares which the aggregate consideration (if any) receivable by the Company for the Shares to be issued upon conversion or exchange or upon exercise of the right of subscription attached to such securities or for the Shares to be issued or arise from any such redesignation would purchase at such current market price per Share; and
- C is the maximum number of Shares to be issued upon conversion into or exchange of such securities or upon the exercise of such rights of subscription attached thereto at the initial conversion, exchange or subscription price or rate or the Shares to be issued or to arise from any such redesignation.

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## LETTER FROM THE BOARD

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- (e) If there is any modification of the rights of conversion, exchange or subscription attaching to any such securities as are mentioned in sub-paragraph (d) above so that the consideration per Share (for the number of Shares available on conversion, exchange or subscription following the modification) is less than 80% of the current market price on the last trading day immediately preceding the date of announcement of the proposals for such modification or (if there is no such announcement) the date of such modification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such modification by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the number of Shares in issue immediately before such modification;
- B is the number of Shares which the aggregate consideration receivable by the Company for the Shares to be issued upon conversion or exchange, or upon exercise of the right of subscription attached to the securities so modified, would purchase at such current market price per Share or, if lower, the existing conversion, exchange or subscription price; and
- C is the maximum number of Shares to be issued upon conversion or exchange of such securities or upon the exercise of such rights of subscription attached thereto at the modified conversion, exchange or subscription price or rate but giving credit in such manner as the auditors or approved financial advisor, acting as expert, considers appropriate (if at all) for any previous adjustment under this sub-paragraph (e).

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## LETTER FROM THE BOARD

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- (f) If the Company shall issue Shares for the acquisition of any asset which is less than 80% of the market price per Share at the date of the announcement of the terms of such issue, the Conversion Price shall be adjusted in such manner as may be determined by the auditors or approved financial advisor. Such adjustment shall become effective on the date of such issue.

Conversion Period : The period commencing from the date of first issue of Convertible Notes up to and including the date falling on the seventh (7th) day immediately prior to the Maturity Date provided that if (a) the Company shall default in making payment in full in respect of a Convertible Note which shall have been called for redemption on the date fixed for redemption thereof; or (b) a Convertible Note has become due and payable prior to the Maturity Date by reason of the occurrence of any of the events of default described in the instrument constituting the Convertible Notes; or (c) a Convertible Note is not redeemed on the Maturity Date, then, without prejudice to the CN Holder's right to receive default interest, the conversion right attaching to such Convertible Note will revive and/or will continue to be exercisable up to, and including, the close of business on the date upon which the full amount of the moneys (both principal and interest) payable in respect of such Convertible Note has been duly received by the CN Holder.

Event of Default : If any of the events specified below occurs, any CN Holder may give notice to the Company that the Convertible Note(s) held by such CN Holder are immediately due and payable:

(a) a default is made in the payment of any amount due in respect of the Convertible Note(s) within 7 Business Days from the due date of payment; or

(b) the Company defaults in performance or observance or compliance with any other of its obligations (including, without limitation, its undertakings and covenants) contained in the conditions, and which default is incapable of remedy or, if capable of remedy, is not in the reasonable opinion of the CN Holder remedied within fourteen (14) Business Days after notice of such default shall have been sent from the CN Holder to the Company; or

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## LETTER FROM THE BOARD

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- (c) other than as a result of, or in circumstances where, an offer made to holders of Shares to acquire all or any proportion of the Shares becoming unconditional, the listing of the Shares (as a class) on the Stock Exchange:
  - (i) ceases; or
  - (ii) is suspended for a continuous period of sixty (60) trading days; or
- (d) any amounts of principal repayment or interest payment in relation to borrowings of the Company are not paid when due, or as the case may be, within any applicable grace period and the relevant creditor notifies the Company that such non-payment constitutes an event of default under the terms of relevant facility; or
- (e) an encumbrancer takes possession or a receiver, manager or other similar officer is appointed of the whole or any material part of the undertaking, property, assets or revenues of the Company and is not discharged, paid out, withdrawn or remedied within thirty (30) Business Days; or
- (f) the Company becomes insolvent or is unable to pay its debts as they mature or applies for or consents to or suffers the appointment of any administrator, liquidator or receiver of the Company or the whole or any material part of the undertaking, property, assets or revenues of the Company or enters into a general arrangement or composition with or for the benefit of its creditors; or
- (g) if it shall become unlawful for the Company to perform all or any of its obligations under the conditions or the Convertible Note(s), or the conditions or the Convertible Note(s) shall for any reason cease to be in full force or effect or shall be declared to be void or illegal or be repudiated or the legality, validity, priority, admissibility in evidence or enforceability thereof shall be contested by the Company or the Company shall deny that it has any, or any further, liability or obligation under or in respect of the same;

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## LETTER FROM THE BOARD

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- (h) if any of the following events shall occur to the Company:
  - (i) the filing of a petition in any bankruptcy, reorganisation, winding-up or liquidation proceeding or other proceedings analogous in purpose or effect and any such petition is not discharged within thirty (30) days; or
  - (ii) the appointment of a receiver or trustee for the bankruptcy, reorganisation, winding-up or liquidation of any assets or properties of the Company and such appointment is not discharged within thirty (30) days; or
  - (iii) the entry of any court order or judgement confirming the bankruptcy or insolvency of the Company; or
  - (iv) any order is made or an effective resolution passed for the winding-up, liquidation, dissolution of the Company or the taking of any corporate action to authorise or give effect to any of the foregoing; or
- (i) the Company ceases or threatens to cease to carry on all or substantially all of its business or operation; or
- (j) any governmental authority or agency confiscates, condemns, seizes, compulsorily purchases or expropriates all or any material part of the assets of the Company; or
- (k) if a distress, execution or seizure before judgment is levied or enforced upon or sued against any part of the properties of the Company and is not discharged within thirty (30) Business Days thereof; or
- (l) the Company or the Group sells or transfers or otherwise disposes all or a material part of its property, assets, revenues or undertaking.

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## LETTER FROM THE BOARD

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Conversion Rights : The CN Holders shall have the right to convert the whole or any part (in minimum amount of HK\$24,900 or an integral multiple thereof) of the outstanding principal amount of the Convertible Notes into Shares during the Conversion Period at the Conversion Price provided that no CN Holders shall exercise any conversion rights to the extent that immediately after such conversion (i) the CN Holder together with parties acting in concert with it, taken together, will, directly or indirectly, control or be interested in 30% or more of the voting rights of the Company (or such percentage as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer) or otherwise being obliged to make a general offer for Shares in accordance with the requirement of the Takeovers Code; or (ii) there will not be sufficient public float of the Shares as required under the Listing Rules, unless prior approval or waiver has been obtained from the Stock Exchange for such purposes and where any conditions to which such approval or waiver is subject are duly complied with.

Maturity and Early Redemption : Unless previously redeemed, converted or purchased and cancelled, the Company shall redeem the Convertible Notes on the Maturity Date at the redemption amount which is 100% of the principal amount thereof outstanding plus the Redemption Premium, together with interest accrued thereon (and not yet paid) up to the actual date of redemption. The Company has the right, at any time commencing from the first anniversary of the first issue date of the Convertible Notes and prior to the Maturity Date, to redeem the Convertible Notes in whole or in part at the principal amount thereof plus the applicable Redemption Premium, together with interest accrued thereon but not yet paid.

Redemption Premium : “Redemption Premium” means a sum equivalent to the following:

$$A \times B \times C$$

Where:

A is:

- (i) in respect of redemption on the Maturity Date, the outstanding principal amount of the Convertible Note(s) on the Maturity Date;



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## LETTER FROM THE BOARD

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- (ii) in respect of early redemption by the Company prior to the Maturity Date, the principal amount to be redeemed under the relevant notice issued by the Company; and
- (iii) in respect of redemption upon occurrence of any events of defaults, the outstanding principal amount of the Convertible Note held by the CN Holder giving the notice.

B is: the rate of four per cent (4%) per annum

C is: the number of days from the issue date of the Convertible Note until (but excluding) the Maturity Date or the date for redemption pursuant to the relevant notice issued by the Company (for early redemption by the Company) or the notice issued by the relevant CN Holder (for redemption upon event of default) divided by 360 days.

- Status : The Convertible Notes constitute direct, general, unconditional, unsubordinated and unsecured obligations of the Company and rank, and shall rank, equally among themselves and *pari passu* and rateably without any preference among themselves, and with all other present and future, unsecured and unsubordinated obligations of the Company except for obligations accorded preference by mandatory provisions of applicable law.
- Voting : The CN Holders will not be entitled to receive notices of, attend or vote at any meetings of the Company by reason only of being holders of the Convertible Notes.
- Transferability : The Convertible Notes may be transferred or assigned in whole or in part (if in part, in minimum amount of HK\$20,000 or in whole multiple thereof) to any person subject to the conditions, approvals, requirements and any other provisions of or under:
- (a) the Stock Exchange or their rules and regulations; and
  - (b) all applicable rules and regulations,
- provided that the Convertible Notes (or any part(s) thereof) shall not be assigned or transferred to a connected person of the Company without prior written consent of the Company.

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## LETTER FROM THE BOARD

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### **Specific Mandate to issue the Conversion Shares**

The Conversion Shares will be allotted and issued pursuant to the Specific Mandate proposed to be sought from the Shareholders at the SGM. Therefore the Placing Agreement and the transactions contemplated thereunder will be subject to the Shareholders' approval at the SGM.

### **Numbers of Conversion Shares to be issued upon exercise of the Conversion Rights**

Assuming the Conversion Rights are exercised in full at the initial Conversion Price of HK\$0.166, a maximum of 30,120,481 Conversion Shares will be allotted and issued, which represents:

- (i) approximately 24.87% of the total number of New Shares in issue as adjusted for the Capital Reorganisation; and
- (ii) approximately 19.91% of the Company's issued New Shares as enlarged by the issue of the Conversion Shares and as adjusted for the Capital Reorganisation.

### **Placee(s)**

The Convertible Notes shall be placed to not less than six (6) Placees who will be professional investor(s) and whose ultimate beneficial owner(s) are Independent Third Parties.

It is expected that none of the CN Holders will become a substantial shareholder of the Company upon full conversion of the Convertible Notes.

### **Conversion Price**

The initial Conversion Price of HK\$0.166 per Conversion Share represents:

- (i) a premium of approximately 10.67% over the closing price of HK\$0.150 per Share (as adjusted by the Capital Reorganisation) as quoted on the Stock Exchange as at the date of the Placing Agreement;
- (ii) a premium of approximately 50.91% over the closing price of HK\$0.110 per Share (as adjusted by the Capital Reorganisation) as quoted on the Stock Exchange as at the Latest Practicable Date;
- (iii) a premium of approximately 10.67% over the average closing price of approximately HK\$0.150 per Share (as adjusted by the Capital Reorganisation) as quoted on the Stock Exchange for the last five (5) consecutive trading days immediately prior to 16 November 2023, being (i) the announcement date of the Capital Reorganisation and the placing of Convertible Notes, (ii) the date of the Placing Agreement; and (iii) the date on which the initial Conversion Price was fixed;
- (iv) a premium of approximately 27.69% over the average closing price of approximately HK\$0.130 per Share (as adjusted by the Capital Reorganisation) as quoted on the Stock Exchange for the last five (5) consecutive trading days immediately prior to and including the Latest Practicable Date;

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## LETTER FROM THE BOARD

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- (v) a premium of approximately 16.90% over the average closing price of approximately HK\$0.142 per Share (as adjusted by the Capital Reorganisation) as quoted on the Stock Exchange for the last thirty (30) consecutive trading days immediately prior to and including the Latest Practicable Date; and
- (vi) a discount of approximately 20.95% to the unaudited consolidated net asset value of HK\$0.21 per Share (as adjusted by the Capital Reorganisation) as at 31 October 2023.

The initial Conversion Price was arrived at after arm's length negotiations between the Company and the Placing Agent with reference to the recent market prices of the Shares and the interest rate and Redemption Premium payable on the Convertible Notes. The Directors consider that the initial Conversion Price is fair and reasonable.

Every adjustment to the Conversion Price shall be certified either (at the option of the Company) by the auditors of the Company or an independent financial adviser selected by the Company.

The Company will make further announcement(s) as and when appropriate if there is any adjustments to the Conversion Price upon occurrence of events in sub-paragraphs (a) to (f) under the section headed "Principal terms of the Convertible Notes — Adjustments to the Conversion Price" in this circular. The Company will also disclose in such announcement(s) the mechanism of adjustments determined by the auditors or approved financial advisor upon occurrence of event in sub-paragraph (f).

### **Ranking of the Conversion Shares**

The Conversion Shares when allotted, issued and fully paid, shall rank *pari passu* in all respects among themselves and with all other fully paid Shares then in issue.

### **Placing Commission**

The Company shall pay the Placing Agent a commission of 2% of the total principal amount of the Convertible Notes successfully placed, out of which the Placing Agent will meet its selling concession and sub-placing commission obligations (if any) in accordance with the Placing Agreement.

The placing commission was negotiated on an arm's length basis between the Company and the Placing Agent and determined with reference to, amongst other things, the market rate for transactions comparable to the Placing.

The Directors consider that the placing commission is fair and reasonable based on the current market conditions.

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## LETTER FROM THE BOARD

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### Conditions of the Placing

The Placing and the obligation of the Placing Agent under the Placing Agreement are conditional upon the following:

- (1) the passing of the special resolution by the Shareholders at the SGM approving the Capital Reorganisation and the Capital Reorganisation having become effective;
- (2) the passing of the ordinary resolution by the Shareholders at the SGM approving the Placing Agreement and the transactions contemplated hereunder, including the issue of the Convertible Notes and the grant of the Specific Mandate for the allotment and issue of the Conversion Shares;
- (3) the Listing Division of the Stock Exchange granting or agreeing to grant and not having withdrawn or revoked approval for the listing of, and permission to deal in, all the Conversion Shares; and
- (4) the compliance of any other requirements under the Listing Rules and Takeovers Code or otherwise of the Stock Exchange and/or the SFC which requires compliance in relation to the Placing and the issue of the Conversion Shares.

The above conditions are incapable of being waived. If the above conditions are not fulfilled by 29 February 2024, being the long stop date (or such later time and date as may be agreed between the Placing Agent and the Company), the Placing Agreement shall cease and terminate and neither the Company nor the Placing Agent shall have any claim against the other in respect of any matter or thing arising out of or in connection with the Placing save for any antecedent breach and surviving provisions of the Placing Agreement.

As at the Latest Practicable Date, none of the above conditions has been fulfilled.

### Termination of the Placing Agreement

If at any time at or prior to 5:00 p.m. (Hong Kong time) on the Closing Date:

- (a) in the reasonable opinion of the Placing Agent, the Placing would be materially and adversely affected by:
  - i. the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Placing Agent materially and adversely affect the business or the financial or trading position or prospects of the Company or the Group as a whole; or
  - ii. the occurrence of any local, national or international event or change, whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof, of a political, financial, economic currency, market,

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## LETTER FROM THE BOARD

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pandemic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, affecting local securities markets; or

- iii. any material adverse change in the business or in the financial or trading position or prospect of the Company or the Group as a whole; or
  - iv. any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, pandemic, terrorism, strike or lock-out which would, in the reasonable opinion of the Placing Agent materially and adversely affect the business or the financial or trading position or prospects of the Company or the Group as a whole; or
  - v. there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading in the Shares generally on the Stock Exchange whether due to exceptional financial circumstances or otherwise; or
  - vi. the commencement by any third party of any litigation against any member of the Group which is might be material to the Company or the Group taken as a whole; or
- (b) any adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, imposition of economic sanctions, on Hong Kong, the PRC or other jurisdiction relevant to the Group or any member of the Group and a change in currency conditions for the purpose of this clause includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs which in the reasonable opinion of the Placing Agent makes it inexpedient or inadvisable to proceed with the Placing; or
  - (c) this circular when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date thereof been publicly announced or published by the Company and which in the reasonable opinion of the Placing Agent is material to the Group as a whole and is likely to affect materially and adversely the success of the Placing; or
  - (d) any breach (which is material in the reasonable opinion of the Placing Agent) of any of the representations, warranties and undertakings set out in the Placing Agreement comes to the knowledge of the Placing Agent or there has been a breach (which is material in the reasonable opinion of the Placing Agent) of any other provision of the Placing Agreement,

then and in any such case, the Placing Agent may terminate the Placing Agreement without liability to the Company by giving notice in writing to the Company, which notice may be given at any time prior to 5:00 p.m. (Hong Kong time) on the Closing Date.

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## LETTER FROM THE BOARD

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### **Completion**

Subject to the fulfilment of the abovementioned conditions precedent, Completion shall take place on the Closing Date (or such later time and date as may be agreed between the Placing Agent and the Company).

### **Application for listing**

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares. No listing of the Convertible Notes will be sought on the Stock Exchange or any other stock exchange.

### **REASONS FOR AND BENEFITS OF THE PLACING AND USE OF PROCEEDS**

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

Assuming the Convertible Notes are successfully placed in full by the Placing Agent pursuant to the Placing Agreement, the gross proceeds from the Placing will be HK\$5,000,000. The net proceeds (after deducting placing commission and other expenses) will amount to approximately HK\$4,700,000 which will be used as follows:

- (i) approximately HK\$3,700,000 for general working capital purposes, such as payroll related expenses, IT support, rental and building management fee, remuneration of the Directors and other day-to-day operation payments; and
- (ii) approximately HK\$1,000,000 for future investments in listed securities pursuant to the investment objectives of the Company. The listed securities targeted for investments will principally be engaged in industries such as financial services, information technology and renewable energy resources.

As at the Latest Practicable Date, the Company has no intention, negotiation, agreement, arrangement and/or understanding (concluded or otherwise) about acquisition or injection of any new investments.

As the nature of the Group's business which is investment, the Group requires cash to grow. Unlike other companies with constant cash income from operations, investments of companies under Chapter 21 of the Listing Rules do not necessarily generate extensive cash income. The Company constantly aims to increase and improve its investment portfolio in order to generate returns to the Shareholders. Therefore, it is crucial for the Group to have readily available funds for capturing suitable investment opportunities in a timely fashion to provide investment return to the Group and Shareholders and/or increase the size of its investment portfolio to diversify the risks of its investments.

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## **LETTER FROM THE BOARD**

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The Directors consider that the Placing represents a good opportunity for the Company to raise funds to strengthen its financial position without resulting in immediate dilution effect on the shareholding of the existing Shareholders. The Directors consider the terms of the Placing Agreement and the Convertible Notes are on normal commercial terms and are fair and reasonable, and the Placing is in the interest of the Company and the Shareholders as a whole.

The Directors have considered different capital raising methods and evaluated the costs of carrying out capital raising through open offer and rights issue and consider these methods to be more expensive than those by placement. The Board will not consider capital raising by either open offer or rights issue at this stage as the expected costs involved in preparing documentation such as underwriting agreements, prospectus and prospectus documents and the commission to be paid to underwriters are relatively higher than those through placement.

Debt financing will result in additional interest burden, higher gearing ratio of the Group and subject the Group to repayment obligations. In addition, debt financing may not be achievable on favourable terms in a timely manner.

The Directors do not rule out the possibility that the Company may conduct any further equity and/or debt fund raising exercises after taking into consideration any other potential business opportunities, any change of the Group's current circumstances and its business plan for the existing business of the Group, or the market sentiments during and subsequent to the Placing. The Company would closely monitor the development of the business of the Group and should any business opportunities arise, the Company will make further announcement(s) in accordance with the Listing Rules as and when appropriate.

### **FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS**

The Company has not conducted any equity fund raising activities in the 12 months immediately preceding the Latest Practicable Date.

## LETTER FROM THE BOARD

### EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after the completion of the Capital Reorganisation; and (iii) immediately after conversion in full of the Convertible Notes are set out as follows:

	As at the Latest Practicable Date		Immediately after the completion of the Capital Reorganisation		Immediately after conversion in full of the Convertible Notes	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
All Fame Developments Limited (Note)	266,890,840	22.03%	26,689,084	22.03%	26,689,084	17.65%
Mr. Lau Tom Ko Yuen	53,400,000	4.41%	5,340,000	4.41%	5,340,000	3.53%
The Placees	—	—	—	—	30,120,481	19.91%
Other public Shareholders	<u>891,029,360</u>	<u>73.56%</u>	<u>89,102,936</u>	<u>73.56%</u>	<u>89,102,936</u>	<u>58.91%</u>
<b>Total</b>	<b><u>1,211,320,200</u></b>	<b><u>100.00%</u></b>	<b><u>121,132,020</u></b>	<b><u>100.00%</u></b>	<b><u>151,252,501</u></b>	<b><u>100.00%</u></b>

Note:

All Fame Developments Limited is 100% controlled by Sun Matrix Limited, which is in turn 50% controlled by Mr. Lau Tom Ko Yuen, the non-executive Director and Chairman of the Company, and 50% by Ms. Lan Yi, the spouse of Mr. Lau Tom Ko Yuen.

### LISTING RULES IMPLICATIONS

Opus Capital Management Limited, being the investment manager of the Company, is a connected person of the Company pursuant to Rule 14A.08 of the Listing Rules. Both Opus Capital Management Limited and the Placing Agent are wholly-owned subsidiaries of the same holding company, therefore the Placing Agent is an associate of Opus Capital Management Limited and hence a connected person of the Company. Pursuant to Rule 14A.08 of the Listing Rules. The placing services to be provided by the Placing Agent under the Placing Agreement constitute a connected transaction for the Company.

Since the highest applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the aggregate of (i) the placing commission payable in respect of the placing services under the Placing Agreement; and (ii) the fee payable in respect of the matching service in relation to the odd lots trading arrangement, are expected to be less than 5% and the total consideration is less than HK\$3,000,000, the provision of such services constitutes a *de minimis* connected transaction under Rule 14A.76(1) of the Listing Rules and is fully exempt from the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Directors (including the independent non-executive Directors) considered the terms of (i) the placing services provided by the Placing Agent under the Placing Agreement and (ii) the matching services provided by Opus Securities Limited under the odd lot arrangement agreement, which constitute connected transactions for the Company, are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.



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## LETTER FROM THE BOARD

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### SGM

The SGM of the Company will be held R3 & R4, United Conference Centre, 10/F., United Centre, 95 Queensway, Admiralty, Hong Kong on Monday, 11 December 2023 at 11:00 a.m., the notice of which is set out on pages SGM-1 to SGM-4 of this circular. The form of proxy for use at the SGM is enclosed.

Whether or not you are able to attend the SGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon. The form of proxy shall be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited of 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event before 11:00 a.m. on Saturday, 9 December 2023. Completion and deposit of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjourned meeting (as the case may be) should you so wish and in such event, the form of proxy shall be deemed to be revoked.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as no Shareholder has a material interest in the Capital Reorganisation, the Placing Agreement and the transactions contemplated thereunder including the issue of the Convertible Notes and the grant of the Specific Mandate for the allotment and issue of the Conversion Shares, no Shareholder will be required to abstain from voting to approve the Capital Reorganisation, the Placing Agreement and the transactions contemplated thereunder including the issue of the Convertible Notes and the grant of the Specific Mandate for the allotment and issue of the Conversion Shares at the SGM.

Pursuant to Rule 13.39(4) of the Listing Rules, all resolution(s) at the SGM shall be taken by way of poll and an announcement will be made by the Company on the results of the SGM.

### CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the SGM, the register of members of the Company will be closed from Wednesday, 6 December 2023 to Monday, 11 December 2023 (both days inclusive) during which period no transfer of Existing Shares will be registered. In order to be eligible to attend and vote at the SGM, unregistered holders of Existing Shares shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company, Tricor Secretaries Limited of 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. on Tuesday, 5 December 2023.

### RESPONSIBILITY STATEMENT

This circular, for which the Directors and the directors of the investment manager 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 and the directors of the investment manager, 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.

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## LETTER FROM THE BOARD

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### RECOMMENDATION

The Directors consider that the terms of the proposed Capital Reorganisation and the proposed Placing are in the interests of the Company and the Shareholders as a whole and recommend the Shareholders to vote in favour of the relevant resolution(s) approving the Capital Reorganisation, the Placing Agreement and the transactions contemplated thereunder including the issue of the Convertible Notes and the grant of the Specific Mandate for the allotment and issue of the Conversion Shares at the SGM.

### ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in Appendix I and the notice of the SGM.

Yours faithfully,  
For and on behalf of  
**Prosperity Investment Holdings Limited**  
**Wan Tat Kay Dominic Savio**  
*Company Secretary*

This appendix serves as an additional disclosure requirement pursuant to Rule 21.09 of the Listing Rules in connection with the circular of the Company. This appendix includes particulars given in compliance with the Listing Rules for the purpose of giving information to the public with regard to the Company.

### INVESTMENT PORTFOLIO

Set out below are the details of all listed investments and all other investments with a value of more than 5% of the Company's gross assets, and details of at least the ten largest investments as at 30 June 2023. Save for the investments disclosed herein, there are no other listed investments or other investments with a value of more than 5% of the Company's gross assets as at 30 June 2023.

Name of investee company	Proportion of investee's capital owned	Cost	Fair values of listed/unlisted equity securities	Dividend income during the period	Dividend cover	Net assets attributable to the investment	Principal activities/places of operation
		HK\$ million	HK\$ million	HK\$ million		HK\$ million	
ITC Properties Group Limited (00199.HK)	2.51%	71.23	22.02	—	—	9.070	Property development and investment, hotel and leisure operations, securities trading and loan financing services/ Hong Kong, Macau, Canada, United Kingdom and the PRC
Greater Bay Area Dynamic Growth Holding Limited (01189.HK)	3.01%	9.38	1.59	—	—	50.696	Operation of hotel business/ Hong Kong and the PRC
Blue River Holdings Limited (00498.HK)	0.39%	6.46	1.76	—	—	5.19	Infrastructure investment and the operation of bulk cargo ports and logistics facilities/the PRC
Link Real Estate Investment Trust (00823.HK)	0.00011%	0.16	0.13	0.003	2.4056	0.22	Engaged in property development and investment/Hong Kong, the PRC, United Kingdom, Australia
HSBC Holdings Plc (00005.HK)	0.00011%	0.16	0.13	0.003	2.39167	0.22	Engaged in property development and investment/Hong Kong, the PRC, United Kingdom, Australia
China Construction Bank Corporation (00939.HK)	0.00000623%	0.12	0.76	—	3.50125	0.19	Banking and financial services/global operation

Name of investee company	Proportion of investee's capital owned	Fair values of listed/unlisted equity securities		Dividend income during the period	Dividend cover	Net assets attributable to the investment	Principal activities/places of operation
		Cost					
		HK\$ million	HK\$ million	HK\$ million		HK\$ million	
Tencent Holdings Limited (00700.HK)	0.000002%	0.11	0.06	0.003	1.31866	0.016	Provision of value-added services, online advertising services, FinTech and business services/global operation
Hong Kong Exchanges and Clearing Limited (00388.HK)	0.0000157%	0.07	0.059	—	1.0437	0.008	Provision of market for stock and commodity trading and exercise continuing evaluation of listed companies
Sino Land Company Limited (00083.HK)	0.0000734%	0.059	0.06	—	1.314	0.117	Engaged in property development and investment/Hong Kong and the PRC
Rakarta Limited	14.70%	54.05	20.19	—	0.00	(2.570)	Investments in a company, which had a subsidiary principally engaged in zinc and lead mining/the PRC

*Note:*

For listed equity securities, net assets attributable to the investments are based on latest published financial information of the relevant investment. For unlisted investments, net assets attributable to investment are based on latest financial statements or management accounts of the relevant investment.

Dividend coverage is calculated with the numerator being (i) the profit for the year available from the latest annual report; less (ii) (where applicable) dividends paid on preferred shares during the fiscal year, and the denominator being the dividend declared and/or paid during the fiscal year.

**PROVISION FOR DIMINUTION IN VALUE OF INVESTMENTS**

1. During the six months period ended 30 June 2023, the share price of ITC Properties Group Ltd (00199.HK) decreased by 4%, realised loss is HK\$nil and the unrealised loss at 30 June 2023 amounted to HK\$41,497,000 which is after the impairment loss of HK\$1,284,000 before the adoption of Hong Kong Financial Reporting Standards 9. At 30 June 2023, the number and percentage of shares held by the Group are 22,940,763 shares and 2.51% respectively, and the number of shares held by the Group reduced to 14,635,763 as at 31 October 2023, while its size relative to the Group's total assets is 46.65%.

During the six months period ended 30 June 2023, an impairment provision of HK\$49.21 million was made for the reason of write-down of the fair market value. During the period from 1 July 2023 to the Latest Practicable Date, there will be further write-down of the fair market value and the fair market value will be adjusted as at 31 December 2023.

2. During the six months period ended 30 June 2023, the fair value of Rakarta Limited remained the same as at 31 December 2022. The realised loss was HK\$nil and the unrealised loss at 30 June 2023 amounted to HK\$34,030,000 respectively. At 30 June 2023, the number and percentage of shares held by the Group are 147 shares and 14.70% respectively, while its size relative to the Group's total assets is 42.76%.

During the six months period ended 30 June 2023, an impairment provision of HK\$33.86 million was made for the reason of write-down of the fair market value. During the period from 1 July 2023 to the Latest Practicable Date, there is no further updates.

Save as disclosed above, there is no other outstanding matter as at the Latest Practicable Date.

**PARTICULARS OF DIRECTORS****(a) Name and address of Directors**

<b>Name</b>	<b>Address</b>
<i>Non-executive Director</i>	
LAU Tom Ko Yuen	Suite 305, Shui On Centre 6–8 Harbour Road Wanchai, Hong Kong
<i>Independent Non-executive Directors</i>	
FENG Nien Shu	Suite 305, Shui On Centre 6–8 Harbour Road Wanchai, Hong Kong
LUI Siu Tsuen, Richard	Suite 305, Shui On Centre 6–8 Harbour Road Wanchai, Hong Kong
WONG Lai Kin, Elsa	Suite 305, Shui On Centre 6–8 Harbour Road Wanchai, Hong Kong
IP Kwok Kwong	Suite 305, Shui On Centre 6–8 Harbour Road Wanchai, Hong Kong

**(b) Profiles of Directors***Non-executive Director*

**Mr. Lau Tom Ko Yuen**, aged 72, was appointed as non-executive Director and subsequently re-designated as executive Director and appointed as chairman of the Company in 2009. In 2010, he was re-designated as non-executive Director and deputy chairman of the Company. He has re-designated as executive Director and appointed as Chairman and Managing Director of the Company on 21 May 2021. He was re-designated as non-executive Director and remained as Chairman on 10 June 2021. He is a member of the remuneration committee and a director of the subsidiaries of the Company. He has over 45 years of international corporate development and management experience in infrastructure developments as well as construction and engineering services involving the road, rail, port, power, telecommunications, mining and resources sectors in the Asia Pacific Region. Mr. Lau was previously the chairman and managing director of Blue River Holdings Limited (formerly known as PYI Corporation Limited) (00498.HK), a company listed on the Main Board of the Stock Exchange, and resigned as executive director in May 2021.

Mr. Lau was the deputy chairman and executive director of South Shore Holdings Limited (00577.HK) up to June 2020, the shares of which were delisted from the Stock Exchange in February 2023.

*Independent Non-executive Directors*

**Mr. Lui Siu Tsuen, Richard**, aged 67, was appointed as an independent non-executive Director in 2009. He is the chairman of the audit committee and a member of the remuneration committee of the Company. He is a fellow member of both HKICPA and The Chartered Institute of Management Accountants in the United Kingdom. He holds a Master of Business Administration degree from the University of Adelaide in Australia. He has over 30 years of experience in property investment, corporate finance and media and entertainment business.

Mr. Lui was previously an executive director of eSun Holdings Limited (00571.HK), a company listed on the Main Board of the Stock Exchange, and resigned on 3 October 2023. He was also an executive director of Media Asia Group Holdings Limited (formerly 08075.HK) which has been withdrawn from listing on 20 March 2023 after merged with eSun Holdings Limited under a share exchange offer.

**Mr. Feng Nien Shu**, aged 57, was appointed as an independent non-executive Director in 2009. He is the chairman of the remuneration committee and a member of the audit committee and nomination committee of the Company. He holds a Master of Business Administration degree from the University of Windsor in Canada and a Bachelor of Arts degree from the York University in Canada. He has over 27 years of experience in investment, merger and acquisition in China and South East Asia.

**Ms. Wong Lai Kin, Elsa**, aged 57, was appointed as an independent non-executive Director in 2009. She is a member of the audit committee and nomination committee of the Company. She holds a Bachelor and Master degree in Law from The University of Hong Kong, as well as a Master degree in Corporate Finance from The Hong Kong Polytechnic University. Ms. Wong is a solicitor of the Supreme Court of Hong Kong and Supreme Court of England and Wales, a member of the Hong Kong Law Society and Hong Kong Society for Financial Analysts. She also holds the Chartered Financial Analyst designation.

Ms. Wong has over 30 years of experience in the legal profession, primarily working as corporate counsel and company secretary of Hong Kong listed companies. Ms. Wong was previously an independent non-executive director of Blue River Holdings Limited (formerly known as PYI Corporation Limited) (00498.HK), a company listed on the Main Board of the Stock Exchange, and resigned on 3 February 2021.

**Mr. IP Kwok Kwong**, aged 62, was appointed as an independent non-executive Director on 31 May 2023 by the Shareholders at the annual general meeting of the Company. He is a Chartered Valuation Surveyor, a Registered Professional Surveyor (General Practice) under the Surveyors Registration Ordinance of Hong Kong and a Registered Business Valuer of the Hong Kong Business Valuation Forum. Mr. Ip was appointed as a committee member of the People's Political Consultative Conference of Harbin, the PRC in the second half of 2011 after having received the Outstanding Entrepreneurship Award from the Enterprise Asia, a non-governmental organisation for entrepreneurship in mid-2011.

He has over 30 years of experience in business valuation, surveying and corporate development. Mr. Ip is currently the executive director and the managing director of Asia Pac Financial Investment Company Limited (8193.HK).

#### INVESTMENT MANAGER INFORMATION

<b>Investment Manager</b>	Opus Capital Management Limited 18/F, Fung House 19–20 Connaught Road Central Central, Hong Kong
<b>Directors of the Investment Manager</b>	Mr. Cheung Wai Hung 18/F, Fung House 19–20 Connaught Road Central Central, Hong Kong
	Mr. Tang Tsz Tung 18/F, Fung House 19–20 Connaught Road Central Central, Hong Kong
	Mr. Lai Shu Fun 18/F, Fung House 19–20 Connaught Road Central Central, Hong Kong

#### THE INVESTMENT MANAGER

Opus Capital Management Limited (“OCML” or the “**Investment Manager**”) has provided investment management services to the Company since 1 January 2019. The Board is of the view that the investment experience of OCML and its responsible officers is relevant to the investment strategies of the Company and that its investment experience and expertise will be beneficial to the Company and its Shareholders as a whole.

OCML, a company incorporated in Hong Kong in 2014 with limited liability and is a licensed corporation to carry out Type 9 (asset management) regulated activity under the SFO. OCML is principally engaged in the business of provision of investment management services covering traditional and alternative investments via various platforms.



Set out below the profiles of the directors and senior management of OCML:

### **Board of directors**

#### **Mr. Lai Shu Fun (“Mr. Lai”)**

Mr. Lai is a director of OCML. Mr. Lai is the founder and chief executive officer of Opus Financial Group Limited, having over 18 years of financial industry, investment banking, private equity and legal experience in Asia and Australia. Mr. Lai is primarily responsible for the business operations, with a key focus in formulating business directions and strategies for Opus Financial Group Limited. In particular, Mr. Lai oversees the corporate finance advisory business and special situations investments of the Company. Mr. Lai is licensed by the SFC as a responsible officer (as defined under the SFO) to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities for the licensed corporations under Opus Financial Group Limited.

Mr. Lai is also an investment committee member of funds managed by OCML. In addition, he has been an advisor of Puji, a leading Asia-band investment firm, since November 2020. Prior to founding Opus Financial Group Limited, Mr. Lai has served in various senior positions in licensed corporations, namely as a responsible officer of LJ Capital Asia, a SFC-licensed corporation, from August 2010 to April 2013; as a responsible officer of Cushman & Wakefield Capital Asia (HK) Limited, a SFC-licensed corporation, from March 2008 to January 2010; and as a representative from April 2003 to May 2005 and a responsible officer from August 2005 to September 2006, at Platinum Securities Company Limited, a SFC-licensed corporation. Mr. Lai is a qualified legal practitioner in New South Wales, Australia. He obtained his Bachelor’s degree in commerce (accounting and finance) in June 1998 and his Bachelor’s degree in law in May 2000, both from the University of Sydney in Australia.

Mr. Lai was appointed on 14 February 2022 as a non-executive director of Vision Deal HK Acquisition Corp. (07827.HK), a company listed on the Main Board of the Stock Exchange.

#### **Mr. Cheung Wai Hung (“Mr. Cheung”)**

Mr. Cheung is a managing director and one of the responsible officers (as defined under the SFO) of OCML. Mr. Cheung has been licensed to carry out Type 9 (asset management) regulated activity under the SFO since March 2015. Mr. Cheung has over 24 years of managerial experience in direct investment, private equity, fund management, mergers and acquisitions, real estate portfolio management and finance, covering both Hong Kong and China markets. Prior to founding Opus Financial Group Limited, Mr. Cheung has been the senior investment manager and the senior investment director of Orion Partners between 2006 and 2014 and before that served in various positions in several international companies. Mr. Cheung holds a Bachelor of Economics degree from the University of Sydney, Australia, and is a Chartered Financial Analyst charterholder and a member of the Hong Kong Institute of Certified Public Accountants (formerly known as the Hong Kong Society of Accountants).

Mr. Cheung was appointed on 14 February 2022 as a non-executive director of Vision Deal HK Acquisition Corp. (07827.HK), a company listed on the Main Board of the Stock Exchange.

**Mr. Tang Tsz Tung (“Mr. Tang”)**

Mr. Tang is a managing director and one of the responsible officers (as defined under the SFO) of OCML. Mr. Tang has been licensed to carry out Type 9 (asset management) regulated activity under the SFO since April 2011. Mr. Tang has a wealth of working experience in dealing in securities and fund management. Prior to founding Opus Financial Group Limited, Mr. Tang was appointed an executive director of Capital VC Limited (2324.HK) in March 2013. Mr. Tang worked in Citigroup Global Markets Asia Limited from September 2000 to November 2008, during which time he had more than 5 years of experience in third party portfolio management. He also worked with HSBC Private Bank (Suisse) SA from November 2008 to August 2010 and Astrum Capital Management Limited from April 2011 to April 2014. Mr. Tang holds a Bachelor degree in Civil Engineering from University College London, the United Kingdom.

**Senior management****Ms. Ng Yuen Ting (“Ms. Ng”)**

Ms. Ng is a director and one of the responsible officers (as defined under the SFO) of OCML. Ms. Ng has been licensed to carry out Type 9 (asset management) regulated activity under the SFO since March 2015. Ms. Ng has accumulated over 19 years of diversified experience in the finance industry covering securities and futures dealing, fund and portfolio management and principal investment in non-listed securities. Prior to joining OCML, Ms. Ng worked at CITIC International Assets Management Limited in its strategic investment department engaging in the direct investments in private companies for the company’s principal investment portfolio. Ms. Ng obtained her Bachelor degree in Business Administration from the University of Michigan, the United States of America and is a Chartered Financial Analyst charterholder.

Save as abovementioned and to the best of knowledge, information and belief of the Directors, as at the Latest Practicable Date, there was no common investments made by the Company and the Investment Manager; there was no common directorship between the Company and the Investment Manager; and there was no common directorship between the Company’s top ten investments and the Investment Manager.

**THE CUSTODIAN**

Since all the available-for-sale assets held by the Company are listed and unlisted equity and debt securities or unlisted convertible debt securities, the Company did not appoint any custodian to provide custodian services.

The Directors confirm that none of the Directors, OCML, any investment adviser or any distribution company, or any associate of any of those persons, is or will become entitled to receive any part of any brokerage charged to the Company, or any re-allowance of other types on purchases charged to the Company.

**RISKS RELATING TO THE COMPANY**

The principal activity of the Company is highly affected by the volatility and uncertainty of the worldwide economies which in turn affect the earning power of business enterprises and the fluctuation in stock markets. Investors should also be aware that the Company is subject to the risk of decrease in the price and value of its investments measured at fair value through profit or loss and fair value through other comprehensive income. As a result, the income of the Company and its net asset value may therefore go down as well as go up, subject to the prevailing market conditions.

**INVESTMENT OBJECTIVES**

The investment objective of the Group is to enhance the corporate value to the Shareholders. The strategy of the Group is to identify and invest in both listed and unlisted investments with potential of growth within their industries. In identifying potential investment, the Group will consider its business segment, operation, current value and the potential of going public. Currently, the Group has no specific industry focus on potential investment.

The Company's investment objectives above may be altered without Shareholders' approval.

**INVESTMENT POLICIES**

The Company has adopted a diversified investment approach. A substantial portion of the assets is invested in equity securities, convertible bonds and debt securities issued by listed and unlisted companies in Hong Kong as well as the PRC or such other types of investment that provide reasonable returns. The Company has also adopted, among others, the following investment policies:

- When considering potential investments, the Company will seek to identify entities with a record of positive profit growth, strong management, high levels of expertise and/or research and development capabilities as well as management commitment to long-term growth. At the same time, the Company is also flexible in considering investments in companies or other entities which are considered by the Board and the Investment Manager as being special or in recovery situations with return potential.
- As to the period of investment, the investments are usually intended to be held for short-term to long-term capital appreciation. The actual holding period will depend on the return from investment and the potential of listing on the Stock Exchange or other internationally recognised stock exchanges. The Company will, however, realise investments believes the realisation would be in the best interests of the Company or where the terms on which such realisation can be made are as particularly favourable to the Company.

Investment limit exercisable by the investment committee of the Company for any single investment is the lower of 20 per cent of the net asset value or HK\$5 million or such other amount may be resolved by the Board from time to time.

The Company's investment policies above may be altered without Shareholders' approval.

**INVESTMENT RESTRICTIONS**

Under the Bye-laws and the Listing Rules relating to the listing of investment companies, certain restrictions on investments are imposed on the Company. Among others, that the Company may/should not:

1. either itself or through its wholly-owned subsidiaries or in conjunction with any connected person take legal, or effective, management control of underlying investments and in no event will the Company itself or through its wholly-owned subsidiaries own or control more than 30% (or such other percentage as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer) of the voting rights such company or other entity;
2. invest in any company or entity other than wholly-owned subsidiaries of the Company if such investment will result in more than 20% of the net asset value being invested in such company or entity as at the date the investment is made;
3. short selling of any securities; and
4. invest in futures contract; short positions in call/put option contracts; accumulated options contract; and commodities (except for shares of companies engaged in the production, processing or trading of goods).

Pursuant to Rules 21.04 (3)(a) and (b) of the Listing Rules, the Company has to comply with investment restrictions (1) and (2) above at all times while it remains listed as an investment company under Chapter 21 of the Listing Rules. The abovementioned investment restrictions will not be altered unless approved by the Shareholders.

The Board has no present intention to change any of the above-mentioned investment restrictions.

Save for the unlisted securities, as at the Latest Practicable Date, the Company has no present intention to invest in options, warrants, commodities, futures contracts or precious metals.

**BORROWING POWER**

Pursuant to the provision of the Bye-laws, the Company may exercise all the powers of the Company to raise or borrow money and to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the provision of the Bye-laws, to issue debentures, bonds and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

**DISTRIBUTION POLICY**

It is the Board's intention to distribute any excess balance by way of dividend to the extent permitted by law, the memorandum of continuance of the Company and the Bye-laws. The Board may declare dividend from time to time. The Board has absolute discretion in the declaration of dividend

after taking into account the following factors: (i) reserves of the Group available for distribution; (ii) performance of the Group; (iii) anticipation of future outlook of the economy; (iv) liquidity position and capital requirements of the Group; and (v) any other matters considered appropriate by the Board.

It is the Board's intention to distribute any excess balance by way of dividend to the extent permitted by law, the memorandum of continuance of the Company and the Bye-laws. Dividends will only be paid to the extent that they are covered by net income received from underlying investments. Distribution will be made annually after the annual accounts of the Company are approved by the Shareholders but interim distribution may be made from time to time to Shareholders as appeared to the Board to be justified by the position of the Company. Distributions will be made in Hong Kong Dollars.

#### **WORKING CAPITAL MANAGEMENT POLICY**

The Company's objectives when managing capital are to safeguard its ability to continue its operations in a stable manner in order to provide positive returns for Shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce its cost of capital. The working capital management policies aim to manage the current assets (generally, cash and cash equivalents, and debtors) and the short term financing, such that cash flows and returns are satisfactory. In order to effectively manage cash flow, the Group maintains the sufficient cash levels which allow for the business to meet day to day expenses.

Furthermore, the Group manages liquidity risk by holding sufficient liquidity and financial resources (e.g. cash and cash equivalents, and the loan from a securities broker for margin financing of the listed equity investments of the Company) of appropriate quality to ensure sufficient cash flows to meet all financial commitments and to capitalise on opportunities for business expansion.

Except for the margin loan from a securities broker amounted to approximately HK\$10,194,000 as at 30 June 2023, the Group had no bank borrowings and did not pledge any assets to obtain collateral overdrafts and other loan facilities during the period ended 30 June 2023.

#### **FOREIGN CURRENCY MANAGEMENT AND EXCHANGE CONTROL**

The investments of the Company were mainly denominated in HK\$, United States Dollar and Renminbi. The Company currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The Company does not have a significant exposure to foreign currency risk as HK\$ is pegged to United States Dollar, significant exposure is not expected in United States Dollar transactions and balances, and currently the bank and cash balances in Renminbi were not significant and the exposure to Renminbi is insignificant.

To the best knowledge, information and belief of the Directors, there are no foreign exchange controls in force in Hong Kong and United States.

**TAXATION**

The taxation of income and capital gains of the Company are subject to the fiscal law and practice of Hong Kong. Prospective investors should consult their own professional advisers on the tax implications of investing, holding or disposing of Shares under the laws of the jurisdiction in which they are liable to taxation.

**FEES AND EXPENSES**

The Company will pay the fees of the Investment Manager, as described below. In addition, the Company will pay certain other costs and expenses incurred in its operation, including taxes, expenses for legal, auditing and consulting services, registration fees and other expenses due to supervisory authorities in various jurisdictions, insurance, interest and brokerage cost.

**INVESTMENT MANAGEMENT FEES**

Pursuant to the investment management agreement dated 18 December 2018, a supplemental agreement dated 20 July 2021, a new investment manager agreement dated 26 January 2022 and a supplemental agreement dated 21 March 2023, the Company will pay to OCML a management fee and a performance fee as described below:

**Management and Performance Fees**

According to the supplemental agreement dated 21 March 2023, the Company shall pay a fixed sum fee of HK\$40,000 per month from 1 March 2023 to 31 December 2024. According to the new investment manager agreement dated 26 January 2022, OCML may also be paid a discretionary bonus, which will be capped at HK\$200,000 for each financial year, as determined by the Company. For details, please refer to the Company's announcement dated 26 January 2022.

**Annual Cap for the Investment Manager's Fees**

According to the supplemental agreement dated 21 March 2023, the maximum annual aggregate amount of the management fee and the discretionary bonus shall not exceed a total sum of HK\$760,000 and HK\$680,000 for the financial year ending 31 December 2023 and 31 December 2024 respectively.

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## NOTICE OF SGM

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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: 00310)

#### NOTICE OF SPECIAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that a special general meeting (the “**SGM**”) of Prosperity Investment Holdings Limited (the “**Company**”) will be held at R3 & R4, United Conference Centre, 10/ F., United Centre, 95 Queensway, Admiralty, Hong Kong on Monday, 11 December 2023 at 11:00 a.m. for the purpose of considering and, if thought fit, passing, with or without amendments, the following resolutions:

#### SPECIAL RESOLUTION

1. **“THAT** subject to and conditional upon (i) the listing committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting the listing of, and permission to deal in, the New Shares (as defined below); (ii) compliance with section 46(2) of the Companies Act 1981 of Bermuda in respect of the Capital Reduction (as defined below); (iii) compliance with the relevant procedures and requirements under the Rules Governing of the Listing of Securities on the Stock Exchange to effect the Capital Reorganisation (as defined below); and (iv) the obtaining of all necessary approvals from the regulatory authorities or otherwise as may be required to effect the Capital Reorganisation (as defined below), with effect from the second business day immediately following the date on which this resolution is passed or the fulfilment of the foregoing conditions (whichever is later):
  - (a) every ten (10) issued shares of the Company of par value of HK\$0.025 each (the “**Existing Share(s)**”) be consolidated into one (1) issued share of the Company of par value of HK\$0.25 (the “**Consolidated Share**”) (the “**Share Consolidation**”);
  - (b) subject to and immediately upon the Share Consolidation taking effect, no fractional Consolidated Share shall be issued to the shareholders of the Company and fractional entitlements will be aggregated and, if possible, sold and the proceeds shall be retained for the benefit of the Company in such manner and on such terms as the Directors (as defined below) may think fit;
  - (c) subject to and immediately upon the Share Consolidation taking effect, the par value of each of the then issued Consolidated Shares be reduced from HK\$0.25 to HK\$0.001 by a cancellation of HK\$0.249 of the paid-up capital on each of the then issued Consolidated Share so that each of the then issued Consolidated Share will be treated as one fully paid up share of par value HK\$0.001 each in the share capital of the

\* for identification purpose only

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## NOTICE OF SGM

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Company (the “**New Share(s)**”), so that the issued share capital shall be reduced from HK\$30,283,005.00 by an amount of HK\$30,161,872.98 to an amount of HK\$121,132.02 (the “**Capital Reduction**”);

- (d) subject to and immediately upon the Capital Reduction taking effect, each authorised but unissued Existing Shares of HK\$0.025 each be sub-divided into twenty (25) New Shares of par value HK\$0.001 each (the “**Share Subdivision**”) so that immediately following the Share Consolidation, the Capital Reduction and the Share Subdivision (collectively, the “**Capital Reorganisation**”), the authorised share capital of the Company shall become HK\$100,000,000 divided into 100,000,000 New Shares;
- (e) the New Shares shall rank *pari passu* in all respects with each other and have such rights and subject to such restrictions as set out in the memorandum of association and bye-laws of the Company (the “**Bye-laws**”);
- (f) the directors of the Company (the “**Director(s)**”) be and are hereby authorised to credit the amount arising from the Capital Reduction to the contributed surplus account of the Company and the Directors may use such amount for such purposes as may be permitted by the applicable laws and the Bye-laws as the Directors consider appropriate; and
- (g) the Directors be and are hereby authorised to do all such acts and things and execute all such documents on behalf of the Company, including under the common seal of the Company where applicable, as he/she may consider necessary or expedient to give effect to the Capital Reorganisation.”

### ORDINARY RESOLUTION

2. “**THAT:**

- (a) conditional upon the Capital Reorganisation becoming effective, the Placing Agreement dated 16 November 2023 (the “**Placing Agreement**”, a copy of which has been produced to the SGM and marked “A” and initialled by the chairman of the SGM for the purpose of identification) entered into between the Company and Opus Securities Limited as the placing agent relating to the placing, on a best effort basis, of the convertible notes which are convertible into New Shares at the initial conversion price of HK\$0.166 (subject to adjustments) per Conversion Share (as defined below) and the terms and conditions of which are annexed to the Placing Agreement (the “**Convertible Notes**”) in an aggregate principal amount of up to HK\$5,000,000 to be issued by the Company at the issue price of 100% of the principal amount thereof upon and subject to the terms and conditions as set out therein and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) the issue of Convertible Notes by the Company in accordance with the terms and conditions of the Placing Agreement be and is hereby approved;



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- (c) conditional upon, among others, the listing committee of the Stock Exchange granting the listing of, and permission to deal in, the New Shares (the “**Conversion Shares**”) which may fall to be allotted and issued upon the exercise of the conversion right attaching to the Convertible Notes, the allotment and issue of the Conversion Shares in accordance with the terms and conditions of the Convertible Notes be and is hereby approved, which approval is in addition to, and shall not prejudice or revoke any general or specific mandate(s) which has/have been granted to the Directors prior to the passing of this resolution; and
- (d) the board of Directors (the “**Board**”) be and is hereby generally and unconditionally authorised to do all such acts and things and execute such documents as the Board may consider necessary, desirable or expedient for the purposes of or in connection with the Placing Agreement and the implementation of the transactions contemplated thereunder, including but not limited to the issue of the Convertible Notes and the allotment and issue of the Conversion Shares and all matters incidental thereto and to agree to such variations, amendments or waivers as are, in the opinion of the Board, in the interest of the Company.”

By Order of the Board  
**Prosperity Investment Holdings Limited**  
**Wan Tat Kay Dominic Savio**  
*Company Secretary*

Hong Kong, 24 November 2023

*Notes:*

1. The register of members of the Company will be temporarily closed from Wednesday, 6 December 2023 to Monday, 11 December 2023 (both days inclusive) during which no transfer of Shares will be registered in order to determine the list of Shareholders for attending the SGM. During the closure of the register of members of the Company, no transfer of Shares will be effected. In order to qualify for attending and voting at the SGM (or any adjournment thereof), all transfer of Shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Secretaries Limited of 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 5 December 2023.
2. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company.
3. To be valid, the proxy form, together with any power of attorney or other authority (if any) under which it is signed, or a certified copy thereof, must be deposited with the Company’s branch share registrar in Hong Kong, Tricor Secretaries Limited at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong before 11:00 a.m. on Saturday, 9 December 2023 (Hong Kong time).
4. In compliance with Rule 13.39(4) of the Listing Rules, voting on all proposed resolutions set out in this notice will be decided by way of a poll.

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5. If a Typhoon Signal No. 8 or above is hoisted, or a Black Rainstorm Warning Signal or “extreme conditions after super typhoons” announced by the HKSAR Government is/are in force at or at any time after 9:00 a.m. on the date of the meeting, the meeting will be automatically postponed or adjourned in accordance with the bye-laws of the Company. The Company will post an announcement on the websites of the Company ([www.prosperityinvestment.hk](http://www.prosperityinvestment.hk)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) to notify Shareholders of the date, time and place of the rescheduled meeting.

The meeting will be held as scheduled when an Amber or a Red Rainstorm Warning Signal is in force. Shareholder should decide on their own whether they would attend the meeting in person under bad weather condition bearing in mind their own situations.

6. If Shareholders have any particular access request or special needs for participating in the meeting, please contact the Company’s branch share registrar in Hong Kong, Tricor Secretaries Limited (telephone: +852 2980 1888) on or before Wednesday, 6 December 2023.
7. The Chinese translation of this Notice is for reference only and in case of inconsistency, the English version shall prevail.