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华科资本
WEALTHKING INVESTMENTS

WEALTHKING INVESTMENTS LIMITED

華科資本有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1140)

**CONTINUING CONNECTED TRANSACTIONS –
NEW INVESTMENT MANAGEMENT AGREEMENT**

**CONTINUING CONNECTED TRANSACTIONS – NEW INVESTMENT
MANAGEMENT AGREEMENT**

On 7 April 2021, the Company and the Investment Manager entered into a new investment management agreement which becomes effective on 7 April 2021 (the “Effective Date”) and for a term until 31 March 2024 (the “New Investment Management Agreement”).

LISTING RULES IMPLICATIONS

The Investment Manager is a connected person of the Company by virtue of Rule 14A.08 and Rule 14A.12(c) of the Listing Rules. Therefore, the New Investment Management Agreement constitutes a continuing connected transaction of the Company.

As all applicable percentage ratios in respect of the annual caps are less than 5%, the New Investment Management Agreement is exempt from the circular (including independent financial advice) and shareholders’ approval requirements.

Principal terms of the New Investment Management Agreement

The principal terms of the New Investment Management Agreement, among others, include:

Effective Date

7 April 2021

Parties

- (1) The Company; and
- (2) The Investment Manager

Duration

From the up to and including 31 March 2024

Services to be provided

The Investment Manager shall undertake investment and management duties arising pursuant to the Group's investments and shall render such advice and assistance to the Company as it may from time to time require in connection with the investment and divestment of the assets (including cash) of the Group. In particular, the Investment Manager shall:

- (a) assist to identify, review and evaluate investment and divestment opportunities for the Group Companies;
- (b) consider and evaluate potential investments and render investment advice to the Board based upon the proposals prepared by the Company and such information as may reasonably be available to it and make recommendations to the Board;
- (c) assist to execute investment and divestment decision of the Company in accordance with the instructions of the Board and the terms of this Agreement;
- (d) review the performance and status of the Assets from time to time, based on the reports prepared by the Company and the information as may reasonably be available to it;
- (e) act in accordance with all reasonable instructions given and/or authorities delegated (as the case may be) to it from time to time by the Board and keep the Board fully informed as to the discharge of its powers and duties hereunder.

Management and performance fees

The Investment Manager will be entitled to an annual management fee and an annual performance fee. The amount of fees payable will be determined in accordance with the provisions and formula as set out below:

(a) Management fee

During the continuance of the appointment of the Investment Manager hereunder, in respect of the services provided by the Investment Manager hereunder, the Company will pay to the Investment Manager a management fee. For the first year of this Agreement, the management fee shall be calculated at 0.012 per cent. per annum of the Net Asset Value as at the immediately preceding Valuation Date on the basis of the actual number of days in the relevant calendar month over a year of 360 day. From the second year for this Agreement, the management fee shall be calculated at such other percentage figure agreed from time to time between the Investment Manager and the Company as at the immediately preceding Valuation Date on the basis of the actual number of days in the relevant calendar month over a year of 360 day. The Company shall pay the sum of the management fee to the Investment Manager on the last Business Day of December each year.

(b) Performance fee

A performance fee is calculated by reference to the increase in the Net Asset Value per Share (as defined below) as at the relevant Performance Fee Valuation Day and payable as soon as practicable after the end of each Relevant Performance Period.

A performance fee will be payable to the Investment Manager if the Net Asset Value per Share (as defined below), calculated on the relevant Performance Fee Valuation Day, is greater than the Base Net Asset Value per Share (as defined below). The fee payable shall be 30% of the appreciation in the Net Asset Value per Share (as defined below), calculated as at the relevant Performance Fee Valuation Day over the Base Net Asset Value per Share (as defined below) for each Share then in issue, calculated as follows:

$$(A - B) \times \frac{C}{E} \times D$$

where:

“A” is the Net Asset Value per Share, calculated on the relevant Performance Fee Valuation Day, after the deduction of the management fee but before the deduction of the provision for the performance fee, if any, during the Relevant Performance Period.

“B” is the Base Net Asset Value per Share which shall be the greater of the Net Asset Value per Share as at the Commencement Date and the value for “A” as at the immediately preceding Relevant Performance Period in relation to which a performance fee was calculated and paid (after deduction of all fees including management fee and performance fee and paid in respect of such preceding Relevant Performance Period) (“High Watermark”). For the avoidance of doubt, the current High Watermark before applicable adjustments to be made to the Base Net Asset Value as set out in the New Investment Management Agreement shall be the Net Asset Value per Share as at 31 March 2021.

“C” is the aggregate number of Shares in issue during the Relevant Performance Period, calculated by adding the number of Shares in issue on each Business Day of the Relevant Performance Period.

“D” is 30% or, subject to the approval of the Shareholders by ordinary resolution in general meeting (which approval shall, for the avoidance of doubt, only be required in connection with a proposal to increase such rate), such other percentage figure agreed from time to time between the Investment Manager and the Directors.

“E” is the number of Business Days in the Relevant Performance Period.

The Base Net Asset Value per Share is subject to customarily adjustment events including without limitation alteration to the nominal value of the Shares as a result of consolidation, subdivision, capitalization of profits and reserves, dividend and distribution in cash or specie during the relevant period.

Annual Caps

The annual caps (maximum amounts) of the Management Fee and Performance Fee payable under the Agreement are as follows:

Caps of Sum of Management Fee and Performance Fee	
From 1 April 2021 to 31 March 2022	HKD30,000,000
For the year ending 31 March 2023	HKD30,000,000
For the year ending 31 March 2024	HKD30,000,000

Termination

The Investment Management Agreement shall be terminated by the Company or the Investment Manager at any time by written notice to the other party if, among others, the other party goes into liquidation; or the other party commits any material breach of the New Investment Management Agreement which, if capable of remedied, is not remedied within 30 days from the date of a written request served by the party not in default requiring that the breach be remedied.

The Company shall be entitled to terminate this Agreement at any time with immediate effect and without compensation to the Investment Manager by giving written notice to the Investment Manager at any time if:

- (a) the Investment Manager, any of its officers, agents or employees is grossly negligent or commit any wilful misconduct or fraud in relation to its obligations under this Agreement or in its business acting as investment manager for other entities generally;
- (b) the Investment Manager ceases to be licensed to carry on Type 9 (asset management) regulated activity under the SFO; or
- (c) the Investment Manager persistently refuses to carry out any reasonable lawful order or instruction given to it by the Company in the course of the performance of its duties hereunder.

The Investment Manager shall be entitled to terminate this Agreement without advance notice to the Company if:

- (a) the Company, any of its officers, agents or employees is grossly negligent or commit any wilful misconduct or fraud in relation to its obligations under this Agreement;
- (b) the Investment Manager foresees a change of its regulated status that will affect its performance of this Agreement; or
- (c) the Company persistently refuses to carry out any reasonable lawful request given to it by the Investment Manager in the course of the performance of its duties hereunder.

If the Company shall terminate this Agreement for reason(s) other than those stated above, the Company shall pass a special resolution at a general meeting to obtain the approval of at least two-third of the shareholders of the Company for such termination.

REASONS FOR AND BENEFITS OF ENTERING INTO THE NEW INVESTMENT MANAGEMENT AGREEMENT

The Company is an investment company under Chapter 21 of the Listing Rules, with the mandate allowing the Group to invest globally in various assets, equity, debts, financial instruments, investment funds and partnerships, investment structures, businesses and special situations. The Group aims to produce medium to long term shareholder returns through capital appreciation, dividend and fixed income. The Investment Manager is a licensed corporation under the SFO to carry on Type 4 (advising on securities) and Type 9 (asset management) regulated activities.

The Board has taken into account, including but without limitation, the following factors when considering whether to appoint the Investment Manager:

- the Investment Manager's possession of the required professional qualifications, expertise and experience in providing the relevant services
- Sustainability of the Investment Manager's business to provide the relevant services at a reasonable standard
- the Investment Manager's ability to introduce new investment opportunities and investors to the Company
- the Investment Manager's in-depth understanding of the operations and business of the Company

Having considered the above factors, the Board considers that the entering into of the New Investment Management Agreement is in the ordinary and usual course of business of the Group and that the terms of such agreement are determined after arm's length negotiation with the Investment Manager. Accordingly, the Directors are of the view that the terms of the New Investment Management Agreement are fair and reasonable, on normal commercial terms or better and that the entering into the New Investment Management Agreement is in the interests of the Group and its Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

The Investment Manager, is a connected person of the Company by virtue of Rule 14A.08 of the Listing Rules. Dr Liu Zhiwei, the executive director and substantial shareholder of the Company, hold 30% of shareholding of Tycoon Champ Limited, a limited company incorporated in British Virgin Islands, which is the sole shareholder of the Investment Manager. Therefore, the Investment Manager is also an associate of Dr Liu Zhiwei, and a connected person, by virtue of Rule 14A12(c) of the Listing Rules. The New Investment Management Agreement constitutes a continuing connected transaction of the Company.

As all applicable percentage ratios in respect of the Proposed Annual Caps is less than 5%, the continuing connected transactions is exempt from the circular (including independent financial advice) and shareholders' approval requirements.

THE INVESTMENT MANAGER

The Investment Manager is a licensed corporation under the SFO to carry on Type 4 (advising on securities) and Type 9 (asset management) regulated activities. The director who is primarily responsible for providing services to the Company is Mr. Yam Kam Shing, who has over 25 years of experience in mergers and acquisition, private equities investments and corporate finance. He received Bachelor of Social Science degree and MBA degree from The Chinese University of Hong Kong and got a second bachelor degree in Chinese Laws from Tsinghua University.

POTENTIAL CONFLICTS OF INTEREST

The Investment Manager is an associate of Dr. Liu Zhiwei, an executive director and substantial shareholder of the Company, and a connected person by virtue of Rule 14A12(c) of the Listing Rules. Conflicts of interest may arise in the investment opportunities identified by Dr. Liu Zhiwei between the Company and the Investment Manager. However, it should be noted that such conflicts of interest will rarely occur because the Investment Manager is managed by team of professionals separated from Dr. Liu Zhiwei who does not involve in the day-to-day operations of the Investment Manager.

DEFINITIONS

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

“Articles”	the articles of association of the Company, as amended from time to time
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than Saturday and Sunday) on which banks in Hong Kong are generally open for business
“Company”	Wealthking Investments Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company from time to time
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Investment Manager”	Venture Partners Asset Management Limited, a company incorporated in Hong Kong and having its principal place of business in Hong Kong at Rm 2206, 22/F, Far East Consortium Building, 121 Des Voeux Road, Central, Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Net Asset Value”	the consolidated net asset value of the Company calculated in accordance with the provisions of the Articles

“percentage ratio(s)”	has the meaning ascribed to it under the Listing Rules
“Performance Fee Valuation Day”	the last Business Day of each financial year of the Company
“Relevant Performance Period”	the period commencing on 1 April 2021 and ending on 31 March 2022 (both dates inclusive), and thereafter for each period commencing on 1 April of each year to 31 March of the following year (both dates inclusive)
“SFC”	the Securities and Futures Commission in Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) with nominal value of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Valuation Date”	the last dealing day on the Stock Exchange in each calendar month or such other dealing day as considered appropriate by the Board for the purpose of calculating the Net Asset Value
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
Wealthking Investments Limited
Liu Zhiwei
Executive Director and Chairman

Hong Kong, 8 April 2021

As at the date of this announcement, the Board comprises one executive Director, namely, Dr. Liu Zhiwei; and four independent non-executive Directors, namely, Professor He Jia, Mr. Wang Xiaojun, Mr. Chen Yuming and Dr. Fu Weigang.