京基金融國際
KINGKEY FINANCIAL INTERNATIONAL

KINGKEY FINANCIAL INTERNATIONAL (HOLDINGS) LIMITED
京基金融國際(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01468)

SUPPLEMENTAL AGREEMENT IN RELATION TO THE ACQUISITION OF 70% SHAREHOLDING INTEREST IN THE TARGET COMPANY INVOLVING THE ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE, CERTAIN CHANGES IN THE ARRANGEMENT UNDER THE SUB-LICENSE AGREEMENT, AND POSSIBLE CONTINUING CONNECTED TRANSACTIONS

THE SUPPLEMENT AGREEMENT

The Board is pleased to inform the Shareholders that further to the Announcements, on 13 January 2022, the Company and the Vendor entered into the Supplemental Agreement, pursuant to which, the Company and the Vendor agreed to restructure and revise certain terms of the Agreement in respect of, among others, the consideration, the conditions precedent, the completion accounts, the post completion accounts and the guarantee provided by the Guarantor.

The Total Consideration payable by the Company to the Vendor for the sale and purchase of the Sale Shares shall remain at US$35.0 million, which shall be subject to adjustment in accordance with the Adjustment Mechanisms and shall be payable and/or settled in three instalments in accordance with the revised settlement terms.

The Company and the Vendor originally agreed that the Total Consideration of US$35.0 million shall be satisfied by the issue and allotment of up to 1,131,666,666 Consideration Shares at the Issue Price of HK$0.24 per Consideration Share for full settlement of the Total Consideration. Pursuant to the Supplemental Agreement, up to 905,333,332 Consideration Shares (or the adjusted number of the Consideration Shares in accordance with the Adjustment Mechanisms) shall be issued and allotted at the same Issue Price as set out in the Agreement of HK$0.24 per Consideration Share as part payment of the Total Consideration.

To better manage the financial risks associated with the businesses of the Target Group, the Company has agreed to settle the maximum amount of the Total Consideration of US$35.0 million in accordance with the deferred and earn out structure which is based on the actual EBITDA of the Target Group for the 1st Relevant Period and the 2nd Relevant Period.

THE SUB-LICENSE AGREEMENT

Pursuant to the Supplemental Agreement, as conditions precedent to Completion, certain changes to the terms of the Master License Agreement and the proposed terms of the Sub-license Agreement as disclosed in the announcement of the Company date 4 June 2021 shall be effected by the Third Amendment to the Master License Agreement and the Sub-license Agreement.

The changes to the Sub-license Agreement are intended to (a) clarify the right of FGA HK as to the renewal of the Sub-license after the initial term for a second, third and fourth term of five years, which shall be contemporaneous with the term of the Master License Agreement; and (b) specify the renewal conditions in respect of a partial renewal of the license of the rights granted for the Networking Business only, where such partial renewal shall be contingent on the financial figures of the Target Group's financial performance in the Networking Business only rather than the combined financial figures of the Target Group's Networking Business and the businesses to be conducted by Energetic Force through Forbes Media HK upon the completion of the Reorganisation.

POSSIBLE CONTINUING CONNECTED TRANSACTIONS

In addition to the sub-license under the Sub-license Agreement being a possible continuing connected transaction as disclosed in the announcement of the Company dated 4 June 2021, it is anticipated that Forbes China Group Members will also enter into certain transactions with the Target Group Companies in relation to (i) co-hosting of events; (ii) provision of various types of services; and (iii) advertising arrangements and these transactions would constitute continuing connected transactions upon Completion. On this premise, it is proposed that prior to Completion, the Target Company and Forbes Media HK will enter into Framework Agreements, namely the Event Co-Hosting Framework Agreement, the Services Framework Agreement and the Advertising Framework Agreement.

Upon Completion, Forbes Media HK, being an indirect 30%-controlled company of FVI, will be an associate of FVI and hence a connected person of the Company. Accordingly, the transactions contemplated under the Framework Agreements to be entered into between the Target Company and Forbes Media HK will also constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the transactions contemplated under the Sub-license Agreement and the Framework Agreements are entered into between the Target Group and Forbes China Group, the Board is of the view that the respective Proposed Annual Caps for transactions of expenditure nature and the Proposed Annual Caps for transactions of income nature shall be calculated on an aggregated basis pursuant to Rule 14A.83.

LISTING RULES IMPLICATIONS AND SHAREHOLDERS' APPROVAL

In addition to the approval to be sought in relation to the Acquisition as disclosed in the announcement of the Company dated 4 June 2021, approvals will also be sought from the Shareholders (or as applicable, the Independent Shareholders) at the EGM in relation to the Sub-license Agreement and the Framework Agreements and the Acquisition is conditional upon the execution of the Sub-license Agreement and the Framework Agreements.

As applicable percentage ratios as set out in Rule 14.07 of the Listing Rules for the Proposed Annual Caps in relation to the Possible Continuing Connected Transactions under the Sub-license Agreement and the Framework Agreements that are expected to be higher than 5%, the Sub-license Agreement, the Framework Agreements and the Proposed Annual Caps in relation thereto are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the tenure of the Sub-license Agreement and the Framework Agreements exceeds three years, pursuant to Rule 14A.52 of the Listing Rules, the Company has appointed the Independent Financial Adviser to review the agreements, explain the reason for a longer term, and confirm that it is normal business practice for agreements of this type to be of such duration, and whether these agreements and the arrangements contemplated therein are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in the Acquisition, the transactions contemplated thereunder (including the allotment and issue of Consideration Shares under the Specific Mandate) and the transactions contemplated under the Sub-license Agreement and the Framework Agreements. As such, no Shareholder will be required to abstain from voting on the resolution(s) to approve the grant of the Specific Mandate and the Proposed Annual Cap at the EGM.

GENERAL

The Circular will be issued by the Company and despatched to the Shareholders no later than 11 February 2022 because additional time is required to prepare and finalise the information to be included in the circular in accordance with Rule 19A.39A of the Listing Rules. The Circular will contain, among others, details of (i) the Agreement and the transactions contemplated thereunder; (ii) the Specific Mandate for the allotment and issue of the Consideration Shares; (iii) details of the Sub-license Agreement, the Framework Agreements, the Possible Continuing Connected Transactions and the Proposed Annual Caps, the letter of recommendation from the Independent Board Committee to the Independent Shareholders, and the letter of advice by the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Sub-license Agreement, the Framework Agreements, the Possible Continuing Connected Transactions and the Proposed Annual Caps; (iv) a notice convening the EGM; and (v) further information as required under the Listing Rules.

Completion is subject to the satisfaction of the conditions precedent to the Agreement and there is no assurance that such conditions precedent will be fulfilled or waived (as the case may be). Therefore, the transactions contemplated under the Agreement may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares or any securities of the Company.

INTRODUCTION

Reference is made to the announcements of the Company dated 4 June 2021, 14 June 2021, 28 June 2021, 30 July 2021, 30 September 2021 and 3 January 2022 in relation to the Acquisition, the Possible CCT, and the delay in despatch of a circular (the "**Circular**") containing, among others, details of (i) the Agreement and the transactions contemplated thereunder; (ii) the specific mandate for the allotment and issue of the Consideration Shares; and (iii) a notice convening the EGM (collectively, the "**Announcements**"). Unless otherwise defined herein or the context otherwise requires, capitalised terms use in this announcement shall have the same meanings as those defined in the Announcements.

The Board is pleased to inform the Shareholders that further to the Announcements, on 13 January 2022, the Company and the Vendor entered into the Supplemental Agreement, pursuant to which, the Company and the Vendor have agreed to restructure and revise certain terms of the Agreement in respect of, among others, the consideration, the conditions precedent, the completion accounts, the post completion accounts and the guarantee provided by the Guarantor.

Pursuant to the Supplemental Agreement, as conditions precedent to Completion, certain changes to the terms of the Master License Agreement and the proposed terms of the Sub-license Agreement as disclosed in the announcement of the Company date 4 June 2021 shall be effected by the Third Amendment to the Master License Agreement and the Sub-license Agreement.

BACKGROUND RELATIONSHIPS OF FORBES GLOBAL ALLIANCE, FORBES CHINA GROUP, THE MASTER LICENSE AGREEMENT, THE SUB-LICENSE AGREEMENT, THE FRAMEWORK AGREEMENTS AND THE RELEVANT PARTICIPATING ENTITIES

Forbes Global Alliance ("**FGA**") is a networking platform established in 2018. Leveraging on Forbes' global reputation as well as in PRC, FGA seeks to offer its members unique opportunities to learn, flourish, and succeed through diverse and customized online and offline content and events. FGA has created an elite networking community that meets the needs of members at different life stages and career levels and is committed to convening up-and-coming industry leaders to establish a boutique elites networking community by providing benefit portfolios (including events and conferences) and assisting each member to enhance social influence.

Forbes IP (HK) Limited ("**FIPC**"), a wholly-owned subsidiary of Forbes Global Media, has the sole and absolute right and full authority to commercially exploit the trademarks "Forbes", "福布斯" and "Forbes Global Alliance", and is in the process of applying for the trademark "福布斯環球聯盟" (collectively, the "**Marks**"). On 31 May 2021, FIPC entered into the Master License Agreement with Energetic Force which grants Energetic Force, as licensee, the rights to use the Marks in the PRC (excluding Hong Kong and Macau) in media and networking business. Energetic Force (a direct 30%-controlled company of FVI), as licensor has also been given the right to enter into the Sub-license Agreement with FGA HK (a wholly owned subsidiary of the Target Company), as sub-licensee, granting them the right to use the marks "Forbes Global Alliance" and "福布斯環球聯盟" to conduct its networking business in the PRC (excluding Hong Kong, Macau and Taiwan) for the operation of the Networking Business (as defined below). Further, it is expected that pursuant to the Sub-license Agreement, FGA Fuhui will be entitled on an equal basis with FGA HK to exercise all the rights granted to FGA HK under the Sub-license Agreement.

In addition to the Sub-license Agreement, it is also anticipated that Forbes China Group Members will also enter into certain transactions with the Target Group Companies for (i) co-hosting of events; (ii) provision of various types of services; and (iii) advertising arrangements and these transactions would constitute continuing connected transactions after Completion. On this premise, prior to Completion, the Target Company and Forbes Media HK will enter into three Framework Agreements, namely the Event Co-Hosting Framework Agreement, the Services Framework Agreement and the Advertising Framework Agreement, details of which are set out in the paragraph headed "Possible Continuing Connected Transactions" in this announcement.

In terms of delineation of business activities, Energetic Force, through its indirect interest in a wholly-owned subsidiary, Forbes Media HK, is carrying on the business of publishing contents and distributing them via magazine, website, social media and events using the "Forbes China" and "福布斯" trademarks under the Master License Agreement in the PRC (the "**Media Business**").

The Target Company, through its wholly-owned subsidiaries, FGA HK and FGA Fuhui, is engaged in operating a social networking paid membership platform (collectively known as the "**Networking Business**") with an aim to bring together the executives, entrepreneurs, investors, industry leaders, and high net worth individuals in the PRC.

Under the Sub-license Agreement, Energetic Force as licensee agreed that during the term of the Sub-license Agreement, it will not grant to any third party, *inter alia*, any license to use the FGA Intellectual Property Rights in connection with the Networking Business in the PRC (excluding Hong Kong and Macau and Taiwan).

BACKGROUND INFORMATION OF THE TARGET GROUP COMPANIES

Reference is made to announcement of the Company dated 4 June 2021 which sets out the background of the Target Group Companies, the Reorganisation and the financial information of the Target Group.

The Target Group consists of the Target Company and its subsidiaries, including but not limited to FGA HK and FGA Fuhui. The Target Company was incorporated under the laws of the British Virgin Islands on 2 January 2018, while FGA HK and FGA Fuhui were incorporated under the laws of Hong Kong on 1 February 2019 and established under the laws of PRC on 28 April 2019, respectively.

Business segments of the Target Group

The Target Group consists of two core business segments, namely (i) the membership business ("**Membership Business**"); and (ii) the event hosting and management business ("**Event Business**"). The Target Group leverages on the Forbes brand to congregate and promote exchange among professionals, entrepreneurs, and high net worth individuals.

Networking Business

The Membership Business leverages on the Target Group's licence to use the FGA Intellectual Property Rights (including the Trademarks, "Forbes Global Alliance" and "福布斯環球聯盟") to develop and maintain a social network in the form of a paid membership platform in the PRC (excluding Hong Kong, Macau and Taiwan) mainly targeted at corporate executives, leaders in various business areas, individuals who made significant contributions to the society, prominent figures in various different sectors, scholars, winners of internationally renowned awards and college students.

The Target Group offers various benefits to members if the FGA Network depending on their membership tiers so as to attract and retain such members, including but not limited to access to FGA and Forbes China events, interviews to be posted on FGA and Forbes China social media, tours, career development opportunities, subscription-based contents, lifestyle benefits and discounts (e.g. food and beverage, shopping, hotel room booking, healthcare services and other lifestyle services). The Target Group has been negotiating deals with various third parties, such as healthcare services providers, food and beverages operators, retail brand products and services providers (including lifestyle design products and services providers), hotel and tourism operators, and financial and insurance institutions, to provide various benefits and discounts to the FGA Network members. Moreover, the Target Group organises events, tours and career development opportunities (which may or may not be in collaboration with other third parties such as Forbes China Group Members) which the members can participate in.

The Target Group currently has two different operating models under the Networking Business, each with its own scheme for monetization. The first model is a direct B–C model where members are on-boarded by internal sales and marketing team; and the second one is a B–B–C model where members are either on-boarded indirectly through other existing membership networks or authorized Interest Groups (as defined below) which partners with the Target Group:

B–C Model: Three-tier Membership and YTC Program

FGA currently offers a three-tier membership program ("**General Membership**") and the YTC program which targets young adults ("**YTC Program**"). The following table provides a summary on the General Membership and YTC Program:

Table 1: Types of Membership under the B–C Model

Membership	Membership Fee	Target Members	Major Benefits
FGA Honorary Member	RMB250,000 life time membership	– Founders and top management of major corporations	– FGA Chat: Interview by FGA and the article will be posted on Forbes China and FGA social media – Forbes China Speakers: Has the priority to be guest speakers at Forbes China events – F-card: An FGA member only card with lifestyle benefits covering fashion and arts, travel and hotels, fine dining and high-end experiences – FGA Member Certification: A lifetime certificate – Forbes China and FGA events attendance

Membership	Membership Fee	Target Members	Major Benefits
FGA 500 Member	RMB70,000 first year and RMB20,000 per annum after first year	– Company senior management – Business leaders – People who have a certain reputation in their field or industry and want to establish relationships with other successful business leaders through the Forbes Global Alliance	– FGA Chat: Interview by FGA and the article will be posted on FGA social media – F-card: An FGA member only card with lifestyle benefits covering fashion and arts, travel and hotels, fine dining and high-end experiences – Forbes China and FGA events attendance
FGA Associate Member	RMB10,000 per annum	– People who are interested in Forbes Global Alliance	– FGA events attendance and certain Forbes China events attendance
FGA YTC Member	RMB365 per annum	– University students studying at well-known universities in China, including Tsinghua University and Peking University, etc.	– Online career development seminars – Internship opportunities – Volunteer qualifications for Forbes China, FGA or partner events

The Target Group has been growing its membership base initially by organic means through the efforts of its FGA membership development team. Moreover, the Target Group has currently engaged 18 agents to assist in the recruitment of members. The Target Group will grow the membership base under the YTC Program organically through organising promotional events at universities and getting exposure by participating in start-up events such as Slush Asia.

B–B–C Model: Partners, Regional Chapters and Complimentary Interest Group Membership

To accelerate growth, FGA will partner with reputable corporations, such as banks, insurance companies and listed companies that either have (i) the need of a membership program for its clients as additional benefit, or (ii) existing membership programs but looking to further increase reach, members benefits, and program reputation. FGA will provide corporate packages under which General Memberships will be offered to clients of selected corporate partners at a negotiated package rate.

Further to the above, to provide the members with more targeted benefits and focused networking opportunities, FGA further organizes its membership program under various regional chapters (each "**Chapter**"), and within each Chapter, as authorized under the Master Agreement, a series of horizontal interest groups targeting specific sectors. These includes, but not limited to, financial services, accounting, communications, marketing, human resources, technology, product development, sales and business development, arts and culture, healthcare (which includes life science and bio-medical, pharmaceutical) and entrepreneurs ("**Interest Group(s)**"). Each Interest Group is a stand-alone membership program in addition and complimentary to FGA's existing General Membership. However, Interest Group memberships can only be offered in conjunction with the General Membership for an additional membership fee. FGA members can choose to apply for General Membership only without an Interest Group membership, or both to enjoy additional benefits. Each Interest Group provides its own group-specific benefits and events which aim to give members more targeted and theme-specific events as well as networking opportunities based on their personal interests, networking needs and occupation.

FGA actively selects and authorises local partners, specifically reputable corporations, PR/IR agencies and marketing agencies, with strong local/regional connections to set up Interest Groups within their region of influence. Each of these Interest Groups will be authorised, to a certain extent, to promote the General Membership, recruit members and manage their relations with such members (subject to guidelines of the Target Group). Interest Groups will also be authorised to organise small scale events (fewer than 100 participants). Each authorized Interest Groups will operate under an annual fee plus profit sharing arrangement with the Target Group.

The Target Group currently has three authorized Interest Groups organized under the Greater Bay Area Chapter, namely (i) entrepreneur; (ii) arts and culture; and (iii) technology. The Target Group is entitled to a fixed licensing fee of US$250,000 to US$500,000 per authorized Interest Group per year and may be entitled to additional revenue sharing if 20% of the revenue of the relevant authorized Interest Group exceeds the annual fixed license fee.

Event Business

The Target Group organises events such as business summits and forums, Interest Groups breakfasts, luncheons and seminars, where members can connect with each other and with guest speakers, and exchange ideas and experiences amongst members. Events are generally organised in the following three manners:

(i) events organised solely by the Target Group, namely FGA Event (as defined below);

(ii) events organised by Forbes China Group, namely Forbes Event (as defined below), in which the Target Group will be responsible for seeking out sponsorship and tickets sale, in return for a share of the event profit;

(iii) events organised by the Target Group in collaboration with other parties, including Forbes China Group and other independent third parties, namely Non-Forbes Event (as defined below), in which the Target Group will be responsible for seeking out a portion of the target amount of sponsorship and tickets sale.

Business plan of the Target Group

Under the Target Group's business plan, the Target Group envisions two phases of development with of the Networking Business with a view to establishing a four-tier membership program under the "Forbes Global Alliance" brand with location-specific chapters and interest groups and offering to its members annual events co-hosted with Forbes China Group and its strategic partners.

In May 2021, the Target Group has kick started phase I of the business plan (being the first two years upon entering into the Master License Agreement), during which the Target Group seeks to achieve exponential growth in the number of members admitted, chapters and interest groups established and events co-organized or co-hosted by the Target Group, with its initial focus in Shanghai and the Greater Bay Area. In phase II of the business plan, the Target Group aims for stabilization and maturity of the growth of its members, chapters interest groups and events, while a comprehensive one-stop platform and forum will be established for its members to interact in professional training sessions, seminars or lifestyle and knowledge sharing sessions, in order to establish a social metaverse for the facilitation of knowledge, lifestyle and professional networking exchanges with credentials and accreditations.

In the longer term and upon achieving a critical mass of enrolled members and established chapters and interest groups in different geographical regions of the PRC, the Target Group will have accumulated the requisite operational knowledge, membership data, structure and interaction experiences, as well as local knowledge through the business centres established in different regions of the PRC and established a solid base to host events and in turn will pave the way for future development of an independent membership club marketed by the Target Group and for the Company to operate the Networking Business as well as organize its own events for its members without the use of the FGA Intellectual Property Rights after the expiry and/or termination of the Sub-license Agreement, if circumstances so warrant.

Existing shareholders of the Target Company

Shareholders' attention is drawn to the contents of announcements of the Company dated 4 June 2021 and 14 June 2021 under the heading of "Information of the Vendor". The Board wishes to provide further information of the existing shareholding of the Target Company as follows.

As at the date of this announcement, the Target Company is wholly-owned by Energetic Force, which is turn is owned as to 70% by the Vendor and 30% by FVI. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, as at the date of this announcement, (i) Forbes Global Media is beneficially owned and controlled by Mr. Yam Tak Cheung as a majority shareholder; and (ii) Mr. Lee Cho Man Joe, Mr. Chang Tat Joel, through the Vendor and Mr. Yam, though FVI, are the shareholders of Energetic Force, which is the sole shareholder of the Target Company.

Mr. Lee Cho Man Joe ("**Mr. Lee**") is a co-founder of Kuaidi Dache, and previously served as the chief strategy officer of Kuaidi Dache, which operates vehicles for hire business in China. In 2015, Kuaidi Dache merged with Didi Dache and formed Didi Chuxing. Mr. Lee currently serves as the chief executive officer of Klover InsurTech, which operates a business that develops insurance digital products and channels. Mr. Lee graduated from the University of Waterloo in Canada with Bachelor of Mathematics.

Mr. Chang Tat Joel ("**Mr. Chang**") is a co-founder of AID Partners Capital Limited, a private equity investment company. Prior to the establishment of AID Partners Capital Limited, he was the chief investment officer of Investec Asia Limited, a managing director of China Everbright Capital Limited and an executive director of BNP Prime Peregrine Capital Limited. He is also a member of the Australian Society of Certified Practising Accountants and the Hong Kong Institute of Certified Public Accountants. He obtained a Bachelor's degree in Economics from Monash University in 1990.

Mr. Chang currently serves as an independent non-executive director of OCI International Holdings Limited (formerly known as Dragonite International Limited) (stock code: 329), a company whose shares are listed on the Main Board of the Stock Exchange. Mr. Chang was formerly an executive director and chief operating officer of Mason Group Holdings Limited (stock code: 273), and an executive director and chief financial officer of Orange Sky Golden Harvest Entertainment (Holdings) Limited (stock code: 1132). Each of OCI International Holdings Limited, Mason Group Holdings Limited and Orange Sky Golden Harvest Entertainment (Holdings) Limited is a company whose shares are listed on the Main Board of the Stock Exchange.

Mr. Yam Tak Cheung ("**Mr. Yam**") is the sole director and sole legal and beneficial owner of Integrated Asset Management (Asia) Limited, which indirectly owns majority shareholding interest in Forbes Global Media. He is a professional investor and formerly served as a co-founder, executive director and chairman of the board of Momentum Financial Holdings Limited (formerly known as Infinity Financial Group (Holdings) Limited and Fornton Group Limited) (stock code: 1152), in which he was primarily responsible for overall corporate strategic planning. Mr. Yam obtained his bachelor's degree of Science from the University of Toronto in June 1983, majoring in Computer Science and Actuarial Science. Momentum Financial Holdings Limited is a company whose shares are listed on the Main Board of the Stock Exchange.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, as at the date of this announcement, FVI, a company wholly owned by Forbes Global Media, and Vendor are the shareholders of Energetic Force. Each of FVI and FIPC is a wholly owned subsidiary of Forbes Global Media, and Forbes Global Media is indirectly owned and controlled by Mr. Yam via an intermediate holding vehicle, namely Integrated Asset Management (Asia) Limited, while Mr. Lee, Mr. Chang, through the Vendor, are beneficial owners of Energetic Force.

Save for the above, there is no other relationship, either business, family or others, among Mr. Lee, Mr. Chang, Mr. Yam and Forbes Global Media.

COMMERCIAL AND STRATEGIC RATIONALE OF THE ACQUISITION

The Company is principally engaged in financial services, including securities trading and financing, insurance brokerage and asset management. While the Group currently relies predominately on organic growth under its own brand name "Kingkey" (the "**Company Brand**"), the Board is of the opinion that in order to differentiate itself from its competitors and accelerate client growth, there needs to be an elevation of the Company Brand positioning, which would allow it to target a broader spectrum of premium financial service clients. At the same time, the Company also needs to create stickiness through additional benefits beyond client's financial service needs for retention. As such, the Board has devised a strategy under which a combination of "Finance + Community Building" is to be adopted. Through community building and provision of members-only fringe benefits, the Company will establish a close-circuit ecosystem that can serve to build-up a target client base and thereafter provide incentive for retention.

With this strategy in mind, the Board is of the view that a renowned international media or networking brand with strong value and ties in business and finance sector could serve the purpose of first, to establish and promote the credibility of the Company Brand as a premium financial service provider; and second, to create and provide its clients additional value through a community building process. As such the Board considers the acquisition of the Target Group is in line with the Board's "Finance + Community Building" strategic initiative.

The Target Group holds the trademark "Forbes Global Alliance", a brand under the world-renowned business and financial media "Forbes". The Board is of the opinion that the transaction will allow the Company to leverage off the credibility of the Forbes brand to further compliment and uplift its own as a credible provider of premium financial services, and in the long run, serves as a steady client channel to boost the Company's core financial businesses, ultimately benefiting the Company and its shareholders.

In addition, Forbes Global Alliance is already positioned as a networking platform that aims to congregate and promote exchange among professionals, entrepreneurs, and high net worth individuals, all of which are target clients of the Company's financial services, in particular, the Company's private family office services and asset management services.

Further, the synergies and complimentary relationship between the Target Group and the Forbes China Group from which the Target Group and the Company may benefit from. While the Target Group will continue to operate as a standalone networking business under the Forbes Global Alliance brand after the Acquisition, the Target Group will continue to have access to Forbes China Group's network and may leverage on the media resources under the Forbes' brand. First and foremost, the Target Group, with its affiliation with Forbes, will have access to Forbes China Group's growing database of awardees and nominees from its various lists and awards. Such database provides a valuable customer-base that can potentially be converted into members or Interest Group operators in the future, thus providing the Target Group additional resources to develop a more robust membership program and further accelerate growth throughout the Relevant Periods in addition to the Target Group's existing self-developed client acquisition channels and pipeline.

Secondly, the Target Group may offer to its members access to Forbes China Group events through their collaborative relationship. Different from the events organised by the Target Group that aims to facilitate exchange and provide networking opportunities, Forbes China Group events are natural extensions of its media business that aim at driving readership engagement and interaction through signature content such as Rich List, Women Entrepreneur List, and 30 Under 30 List, all of which long been synonymous to the Forbes brand. Access to these events can be offered to Target Group's members as a membership benefit, which is expected to enrich the Target Group's membership program. Forbes China Group may also benefit from this collaborative arrangement as the Target Group's membership network will provide additional traffic and attendance to Forbes China Group events, which would allow Forbes China Group to attract more sponsors providing a larger revenue amount to the event sponsorship income via the Target Group. Apart from the synergistic benefits as revealed, the Board did not consider that there is any competition to the Target Group's business.

The Board is of the opinion that there exists strong synergy between the Target Group and the Company, specifically the congregation and potential conversion of a targeted demographic through the Target Group and the provision of membership benefits from the Target Group to existing and future clients of the Company's financial services that drives brand affiliation, loyalty, and ultimately retention.

SUMMARY OF AND REASONS FOR THE CHANGES TO THE AGREEMENT AND THE SUB-LICENSE AGREEMENT

The Supplemental Agreement

On 13 January 2022, the Company and the Vendor entered into the Supplemental Agreement to amend and supplement certain terms of the Agreement in respect of, among others, the consideration, the conditions precedent, the completion accounts, the post completion accounts and the guarantee provided by the Guarantor. The major amendments to the Agreement are set out as follows:

1. Consideration

The Total Consideration payable by the Company to the Vendor for the sale and purchase of the Sale Shares shall remain at US$35.0 million, which shall be subject to adjustment in accordance with the mechanisms set out in the paragraph headed "Basis of the Consideration and Adjustments" in this announcement (the "**Adjustment Mechanisms**") and shall be payable and/or settled in three instalments in accordance with the following revised settlement terms.

The Total Consideration shall be payable and/or settled by the Company as follows:

(i) as to an aggregate sum of US$7,000,000 (the "**Cash Consideration**"), to be payable in cash upon Completion, which shall be refundable by the Vendor to the Company in whole or in part in accordance with the Adjustment Mechanisms;

(ii) as to the sum of up to US$14,000,000 (the "**1st Tranche Shares Consideration**"), to be settled by the issue and allotment by the Company of up to 452,666,666 new Shares (the "**1st Tranche Consideration Shares**"), which shall be subject to adjustments (where applicable) in accordance with the Adjustment Mechanisms; and

(iii) as to the remaining balance of the Total Consideration in the sum of up to US$14,000,000 (the "**2nd Tranche Shares Consideration**"), to be settled by the issue and allotment by the Company of up to 452,666,666 new Shares (the "**2nd Tranche Consideration Shares**"), which shall be subject to adjustments (where applicable) in accordance with the Adjustment Mechanisms.

2. *Conditions Precedent*

Completion is conditional upon:

(a) the passing by the board of directors and the shareholders of the Company (other than those prohibited from voting under the Listing Rules, if applicable) of all necessary resolutions at the board meeting and general meeting of the Company approving the entering into, execution, delivery and performance of the Agreement, the issue of the Consideration Shares, other transactions contemplated thereunder and the transactions contemplated under (i) the Sub-license Agreement (including the Proposed Annual Caps); and (ii) the Framework Agreements (including the Proposed Annual Caps);

(b) the Listing Committee of the Stock Exchange having granted (either unconditionally or subject to conditions to which neither the Company nor the Vendor shall reasonably object) an approval for the listing of and permission to deal in the Consideration Shares and such approval not being subsequently revoked prior to the issue and allotment of the Consideration Shares;

(c) all necessary authorisations, consents and approval from and filing and registration with the Stock Exchange and other applicable governmental authorities in relation to the transactions contemplated thereunder having been obtained;

(d) there being no applicable law, rules, regulations, orders, injunction, decrees or judgments of any courts or other governmental authorities which prohibit, restrict or impose conditions or limitations on, or is reasonably expected to operate to prohibit, restrict or impose conditions or limitations on, the consummation of any of the transactions contemplated under the Agreement;

(e) the Company having completed and is satisfied with the results of the due diligence review and investigation on the business, financial, legal, taxation, corporate, operations and affairs, contractual, property, trading positions and prospects and profitability projection and aspects of the members of the Target Group and other subject matters incidental thereto;

(f) there being no material adverse change on the members of the Target Group as of the date of the Agreement and at all times up to and including Completion;

(g) the Vendor’s warranties being true and correct and not misleading in any material respect as given as of the date of the Agreement and remaining so at all times up to and including Completion;

(h) all the transactions relating to the Reorganisation contemplated under the Reorganisation Agreement, having been completed in accordance with its terms;

(i) the Company having received a legal opinion issued by a law firm practising laws of the United States of America, in form and substance reasonably satisfactory to the Company, in respect of certain matters and issues in connection with the business of the Target Group as may be reasonably required by the Company;

(j) the Company having received a legal opinion issued by a law firm practising laws of the PRC, in form and substance reasonably satisfactory to the Company, in respect of certain matters and issues in connection with the business of the Target Group as may be reasonably required by the Company;

(k) the Third Amendment to the Master License Agreement in form and substance reasonably satisfactory to the Company having been entered into and taken effect, and remaining valid and binding on the parties thereto and enforceable in accordance with its terms as at Completion;

(l) the Sub-license Agreement in form and substance reasonably satisfactory to the Company having been entered into and taken effect, and remaining valid and binding on the parties thereto and enforceable in accordance with its terms as at Completion;

(m) the Framework Agreements in form and substance reasonably satisfactory to the Company having been entered into, which shall take effect upon Completion, and remaining valid and binding on the parties thereto and enforceable in accordance with its terms as at Completion; and

(n) the certificate of incumbency and certificate of good standing in respect of each of the Vendor and the Target Company, in each case dated not more than five (5) Business Days before the Completion Date, in form and substance reasonably satisfactory to the Company, having been delivered to the Company (by copies to be delivered before Completion first to be followed by the originals as soon as possible after Completion where necessary).

The Company may waive in writing the conditions set out in (e) to (j) and (n) above at its sole and absolute discretion. Save as expressly set out in the Agreement, none of the conditions precedent may be waived.

If any of the conditions precedent shall not have been fulfilled (or waived) at or before 5:00 p.m. on the Long Stop Date, the Agreement shall lapse and thereupon the Agreement and everything therein contained shall, except for certain clauses in relation to definitions and interpretations, lapse of the Agreement, further obligations and undertakings, announcements, confidentiality, notices, governing law and rights of third parties, subject to the liability of any party of the Agreement to the other in respect of any antecedent breach of the terms thereof, be null and void and of no further effect.

3. *Basis of the Consideration and Adjustments*

The Board has considered the valuation performed by Graval Consulting Limited ("**Graval Consulting**") the independent professional valuer engaged by the Company. Gravel Consulting valued the market value of 100% equity interest in the Target Group, as at 31 August 2021, at US$50 million having made reference to the multiples of EV/EBITDA of comparable companies identified, and adjusted for discounts for lack of marketability and control premium factors and the 20-year period of the Sub-license Agreement. Accordingly, the 70% equity interest in the Target Group is approximately US$35.0 million which is the maximum Total Consideration payable under the Agreement. The above-mentioned details in relation to the valuation of the Target Group shall be disclosed in the Circular.

To better manage the financial risks associated with the businesses of the Target Group, the Company and the Vendor have agreed in the Supplemental Agreement to settle the maximum amount of the Total Consideration of US$35.0 million in accordance with the following deferred and earn out structure which is based on the actual EBITDA of the Target Group for the period from 1 January 2022 to 31 December 2022 (the "**1st Relevant Period**") and the period from 1 July 2022 to 30 June 2023 (the "**2nd Relevant Period**"):

Settlement by instalments	**Adjustment mechanisms (where applicable)**	**Remarks**
Cash consideration: Initial cash payment of 20% of the maximum Total Consideration of US$7.0 million payable upon Completion (subject to adjustments).	(a) Cash consideration to be reduced by way of refund if the actual EBITDA derived from the Post Completion Accounts is less than US$0.92 million (being 20% of the target EBITDA of US$4.6 million) for (i) the 1st Relevant Period; or (ii) the 2nd Relevant Period.	The amount of refund is to be determined by the actual EBITDA derived from the Post Completion Accounts. The refund will be triggered if the actual EBITDA is less than US$0.92 million for (i) the 1st Relevant Period; or (ii) the 2nd Relevant Period.

Settlement by instalments	Adjustment mechanisms (where applicable)	Remarks
	(b) Subject to the catch-up mechanism, the total cash refund by the Vendor to the Company shall be calculated based on the aggregate of: (i) US$3.5 million X (1 – actual EBITDA for the 1st Relevant Period)/ US$0.92 million, representing 20% of the target EBITDA of US$4.6 million) ("**1st Tranche Cash Refund**"); and (ii) US$3.5 million X (1 – actual EBITDA for the 2nd Relevant Period)/ US$0.92 million, representing 20% of the target EBITDA of US$4.6 million) ("**2nd Tranche Cash Refund**").	The obligation in respect of the cash refund to be paid by the Vendor to the Company shall be guaranteed and secured by guarantee of the Guarantor pursuant to the Deed of Guarantee. The total cash refund shall be payable by the Vendor to the Purchaser within 15 days after the post-completion EBITDA certificate for the 2nd Relevant Period is delivered to the Vendor.
1st Tranche Shares Consideration: First earn out settlement of 40% of the maximum Total Consideration of up to US$14.0 million to be settled by the issue and allotment of 1st Tranche Consideration Shares at the issue price of HK$0.24 per Consideration Share.	If the actual EBITDA for the 1st Relevant Period is less than the target EBITDA of US$4.6 million, the 1st Tranche Shares Consideration shall be adjusted downward as calculated in the following manner: US$14.0 million X (actual EBITDA for the 1st Relevant Period/target EBITDA of US$4.6 million)	(a) No Consideration Share is required to be issued if the actual EBITDA for the 1st Relevant Period is equal to or less than US$0.92 million. (b) If the actual EBITDA for the 1st Relevant Period is equal to or higher than the target EBITDA of US$4.6 million, no adjustment to the entire 40% of the maximum Total Consideration is required.

Settlement by instalments	Adjustment mechanisms (where applicable)	Remarks
2nd Tranche Shares Consideration: Second earn out settlement of the remaining 40% of the maximum Total Consideration of up to US$14.0 million to be settled by the issue and allotment of 2nd Tranche Consideration Shares at the issue price of HK$0.24 per Consideration Share.	If the actual EBITDA for the 2nd Relevant Period is less than the target EBITDA of US$4.6 million, the 2nd Tranche Shares Consideration shall be adjusted downward as calculated in the following manner: US$14.0 million X (actual EBITDA for the 2nd Relevant Period/target EBITDA of US$4.6 million)	(a) No Consideration Share is required to be issued if the EBITDA for the 2nd Relevant Period is equal to or less than US$0.92 million. (b) Subject to the adjustment pursuant to the catch-up mechanism, if the actual EBITDA for the 2nd Relevant Period is equal to or higher than the target EBITDA of US$4.6 million, no adjustment to the entire 40% of the maximum Total Consideration is required.

Settlement by instalments	Adjustment mechanisms (where applicable)	Remarks
Catch-up mechanism	(a) If (i) the actual EBITDA for the 1st Relevant Period is equal to or higher than US$0.92 million but less than the target EBITDA of US$4.6 million (hence the 1st Tranche Shares Consideration shall be adjusted downward); and (ii) the actual EBITDA in the 2nd Relevant Period is higher than the target EBITDA of US$4.6 million, the 2nd Tranche Shares Consideration shall be adjusted upward as calculated in the following manner: US$14.0 million X (actual EBITDA for the 2nd Relevant Period/target EBITDA of US$4.6 million) (b) If (i) the actual EBITDA for the 1st Relevant Period is less than US$0.92 million, representing 20% of the target EBITDA of US$4.6 million; and (ii) the actual EBITDA in the 2nd Relevant Period is higher than the target EBITDA of US$4.6 million,	(a) The aggregate amount of the 1st Tranche Shares Consideration as adjusted downward and the 2nd Tranche Shares Consideration as adjusted upward shall not exceed US$28.0 million. (b) For the avoidance of doubt, the aggregate amounts of the Cash Consideration and the maximum value of the settlement for 1st Tranche Shares Consideration and the 2nd Tranche Shares Consideration shall not exceed US$35.0 million in any event. The Consideration Shares shall be issued and allotted by the Company at the Issued Price to the Vendor or its authorised representatives within 30 Business Days upon the issuance of the EBITDA Certificates as referred to in paragraph 5 below.

Settlement by instalments	Adjustment mechanisms (where applicable)	Remarks
	(1) the 2nd tranche surplus as calculated in the following manner ("**2nd Tranche Surplus**") shall be used to set off the 1st Tranche Cash Refund: 2nd Tranche Surplus = US$14.0 million X (actual EBITDA for the 2nd Relevant Period/target EBITDA of US$4.6 million) – US$14.0 million Provided that the 2nd Tranche Surplus shall not exceed HK$3.5 million. (2) For the avoidance of doubt, the total cash refund to be paid by the Vendor to the Company shall be determined as follows: 1st Tranche Cash Refund – 2nd Tranche Surplus Provided that the 2nd Tranche Surplus shall be capped at US$3.5 million or the amount equivalent to the 1st Tranche Cash Refund (whichever is lower)).	

Projected revenue, EBITDA and Margin analysis

Projected revenue of Networking Business

The Board has identified the two main sources of revenue of the Networking Business, namely (i) membership fees paid by members; and (ii) annual fees paid by the authorized interest groups. Key assumptions on the above two income streams, including but not limited to membership growth, potential pipeline, together with gross profit and margin are carefully examined to determine the reasonableness and achievability of Networking Business' projected revenue.

In assessing the projected revenue of the Network Business, the Board has further considered (i) the extensive network of the reach of the Target Group, including all the awardees ranked by Forbes China Group, such as the annual Forbes rich list candidates, the 30 under 30 candidates etc, corporates and enterprises that have been covered and/or are associated to the Forbes' contents, and content contributors to all industries disciplines; (ii) demand for different interest groups and societies in China which requires the accreditation and brand effect of an international brand such as Forbes; (iii) the various channels including the agency channels to solicit members and authorized Interest Groups; and (iv) the projected numbers of members under each tier of memberships and numbers of authorized Interest Groups. In assessing the gross profit and margin of the Networking Business, apart from the licensing fee, the Board has also considered, among other things, (i) agency fee expenses; and (ii) the related costs in providing membership benefits for each type of membership. After considering the above, the Board considers the projected revenue and gross margin of the Networking Business to be fair and reasonable.

Projected revenue of Event Business

In assessing the projected revenue of the Event Business, the Board has considered (i) the events to be organised by FGA and authorized Interests Groups; (ii) Forbes China past events; and (iii) sponsorship revenue and gross profit generated from past events. Moreover, in assessing the gross profit and margin of the Event Business, apart from the licensing fee, the Board has considered (i) the associated event costs (including but not limited to venue rental, stage and backdrops setup expenses etc); and (ii) promotion and related expenses, including but not limited to speakers cost, related food and beverages expense (if any).

It is noted that revenue to the Event Business is dependent on the size and subject of the events, the impact of which are sometimes also driven by the main sponsor of such event. The bigger the size of the event scale and the more attractive the topic of the event, a larger amount of sponsorship income is likely to be received. The Board considers that the brand "Forbes Global Alliance" has the attractiveness to both national and international corporate sponsors and is well suited to a wide number of topics and industries, including financial services, ESG (environmental, society responsibility and governance), technology, arts and collections, long-established renowned retail and lifestyle brand.

Based on the projected revenue of Networking Business and Event Business, Graval Consulting prepared a draft valuation report ("**Draft Valuation Report**"). The target EBITDA of US$4.6 million represents the forecast 12-month EBITDA from September 2021 to August 2022 which was adopted in the Draft Valuation Report while the EBITDA of US$0.92 million represents 20% of the target EBITDA of US$4.6 million. The Vendor has taken into account of (a) the financial performance and the business prospect of the Target Group; (b) the preliminary valuation prepared by Graval Consulting; and (c) potential synergistic benefits of the Acquisition in determining the relevant benchmark of the Adjustment Mechanisms.

The Board concurs with Graval Consulting and is of the view that EBITDA can provide a clearer and more precise picture of the financial performance after stripping out the finance costs, taxes and depreciation, in particular where different tax rates are imposed in different jurisdictions, and that using EBITDA can better reflect the Target Group's financial performance.

It is noted that the projected gross and EBITDA margin of the Target Group ranges from approximately 62% to 65% and from approximately 48% to 50% for the 1st and 2nd Relevant Period, respectively.

In assessing the reasonableness of the gross and EBITDA margin, the Board has carefully examined the Target Group's operating expenses, including salary expenses, office rental cost, administrative costs, members acquisition cost and cost of sales. The Board considers the high EBITDA and gross margin a result of (i) synergies between the Networking and Event Business as new members can be recruited from events, which effectively lowers members acquisition cost; and (ii) high margin of authorized Interest Groups as direct cost is minimal, while partners of authorized Interest Groups bear all operating cost under the current operating and profit-sharing mechanism. The Board is satisfied that, having taken into consideration the existing business, potential expansions going forward, and synergies between business segments, the current manpower and operating cost structure of the Target Group is sufficient without the need for further material cost additions. As the brand effect of Forbes is expected to continuously create additional premiums and new opportunities for monetization, the Board considers a higher margin reasonable and achievable.

In addition to the above, the Board has further reviewed and assessed the reasonableness of the Target Group's margin with reference to market comparables. Notwithstanding the Draft Valuation Report, the Board is of the view that Forbes Global Media is one of the most direct comparables to the Target Group, in particular the brand extensions business segment of Forbes Global Media, which includes conferences/events hosting, and licensing of rights (similar to Target Group's authorized Interest Group operating model). Based on publicly available information, Forbes Global Media achieved a contribution margin of 67% in 2020 for its brand extensions business. As such, the Board considers the projected margin of the Target Group for the 1st and 2nd Relevant Period fair and reasonable.

Adjustment mechanism

The Board considers the above settlement structure to be appropriate as it would firstly, better align the settlement obligations with the actual earning capability to be generated by the Target Group and secondly, it would provide the Company a longer period to observe whether the Target Group may be able to demonstrate an element of earnings stability over the 1st Relevant Period and the 2nd Relevant Period. In the event that the actual EBITDA of the Target Group in either the 1st Relevant Period or the 2nd Relevant Period is less than the target EBITDA of US$4.6 million, the Total Consideration (comprising the Cash Consideration, the 1st Tranche Shares Consideration and the 2nd Tranche Shares Consideration) will be lower than the maximum Total Consideration of US$35.0 million. For the avoidance of doubt, in any event, the Total Consideration in respect of the Acquisition payable by the Company to the Vendor shall not exceed US$35.0 million.

The Board considers that this earn-out structure and the adjustment mechanism allows the Company to adjust and reduce the consideration payable to the Vendor in the event where the actual EBITDA does not meet the target EBITDA of US$4.6 million in each of the relevant period and provides more protection and flexibility to the Company in terms of payment. Having regard to the valuation by Graval Consulting, the Board is of the view that the target EBITDA is reasonably achievable and as such, the Total Consideration, the adjustment mechanism, the deferred settlement arrangement and also the target EBITDA are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

4. Completion Accounts

Following agreement or determination of the Completion Accounts in accordance with the terms set out in the Agreement, the amount of the Net Asset Value shall be determined by reference to the Completion Accounts. In the event the amount of the Net Asset Value determined by reference to the Completion Accounts is a negative figure, the Vendor shall pay to the Company the amount equivalent to 70% of the absolute value of the amount of the Net Asset Value within five (5) business days after the agreement or determination of the Completion Accounts.

As disclosed in the Announcements, the unaudited consolidated net liabilities of the Target Group as at 31 December 2020 was approximately HK$24.49 million, which was mainly due to the Shareholder's Loan of HK$31.40 million. The above mechanism for the Vendor to pay to the Company an amount equivalent to 70% of the absolute value of the amount of the Net Asset Value is served to protect the Company's and the Shareholders' interest in view of the historical net liability recorded by the Target Group. However, the Board is of the view that the possibility for the Company to record a negative net asset value in the Completion Accounts relatively low. As at 31 March 2021, the unaudited consolidated net assets of the Target Group was approximately HK$3.36 million while it was approximately HK$10.5 million as at 30 September 2021; and (ii) the historical net liability of the Target Group was mainly due to the Shareholder's Loan, which is unlikely to repeat as the business plan of the Target Group materialises. The Company is optimistic about the Target Group's business performance and this compensation mechanism only serves as an extra protection to the Company. In view of the above, the Board considers such term is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

5. Further Obligations and Undertakings

The Company shall, and the Vendor shall use its reasonable endeavours to assist the Company to:

(a) engage the auditors of the Company for the time being (the "**EBITDA Auditors**") to prepare the Post Completion Accounts for the 1st Relevant Period or the 2nd Relevant Period (as the case may be) in conformity with accounting principles generally accepted in Hong Kong; and

(b) engage the EBITDA Auditors to issue a certificate of the amount of EBITDA with reference to the Post Completion Accounts for the 1st Relevant Period or the 2nd Relevant Period (as the case may be) and the amount (if any) required for adjustment of the Total Consideration (where applicable) in accordance with the Adjustment Mechanisms which shall be delivered to the Vendor and the Company simultaneously with the Post Completion Accounts for the 1st Relevant Period or the 2nd Relevant Period (as the case may be).

6. Guarantee

Pursuant to the Agreement, at Completion, the Vendor shall deliver the Deed of Guarantee duly executed by the Guarantor as guarantee and security to the Company in respect of the obligation for the due, full, punctual and complete payment and discharge by the Vendor of the amounts payable to the Company in connection with the Adjustment Mechanisms and the Completion Accounts subject to the terms and conditions of the Agreement.

The Board is of the view that the Vendor will be able to refund fully or partially the Cash Consideration of US$7.0 million in the event that the target EBITDA is not met, given that Mr. Lee, who has a strong business and financial background, acts as the guarantor under the Deed of Guarantee.

The Sub-license Agreement

It is proposed that prior to Completion, Energetic Force as licensor and FGA HK as licensee will enter into the Sub-license Agreement to use the FGA Intellectual Property Rights. Please refer to the Announcements for the principal terms of the Sub-license Agreement with changes set out below:

Term: The Sub-license Agreement shall be effective from the date of the Sub-license Agreement and shall remain in full force and effect until 31 December 2025 (the "**First Licensed Term**"), unless terminated earlier as provided in the Sub-license Agreement.

Subject to fulfilment of the conditions below, the license granted shall be renewable for a second term of five (5) years commencing from the day immediately following the end of the First Licensed Term (the "**Second Licensed Term**") at the option of the FGA HK, unless terminated earlier as provided in the Sub-license Agreement.

Subject to fulfilment of the conditions below, the license granted and renewed for the Second Licensed Term shall be renewable for two additional terms of five (5) years (each the "**Third Licensed Term**" and "**Fourth Licensed Term**") at the option of the FGA HK, unless terminated earlier as provided in the Sub-license Agreement.

The renewal of the license granted under the Sub-license Agreement for any Licensed Term shall be subject to and conditional upon the fulfilment of all of the following conditions:

(a) prior written approval having been granted by FIPC, which approval shall be granted subject to the renewal conditions under the Master License Agreement having been met in the Licensed Term immediately preceding the proposed renewed Licensed Term;

(b) the Master License Agreement having been renewed in its entirety or partially in respect of the Networking Groups for a term contemporaneous with the relevant Licensed Term;

(c) there having been no event of default occurring prior to renewal (regardless of whether FIPC or Energetic Force has exercised their respective rights as a result thereof); and

(d) FGA HK having met all payment obligations in respect of royalties under the Sub-license Agreement in a prompt manner prior to renewal.

In no event should any Licensed Term be other than contemporaneous with any term of the Master License Agreement.

REASONS FOR THE CHANGE

The principal reason for the changes described above in respect of the Agreement is to provide better protection to the Group, and in particular, the changes are intended to:

(a) revise the earn out formulae and the manner of settlement of the Consideration to provide a degree of comfort on the underlying earning capability and earnings sustainability of the Target Group and mitigate the risks to the Group's financial exposures given the Target Group had only commenced operation as recently as in May 2021; and

(b) include the entering into of the Third Amendment to the Master License Agreement, the Sub-License Agreement, and the Framework Agreements as conditions precedent to Completion.

The principal reason for the changes described above in respect of the Sub-license Agreement is to align the rights of the Energetic Force under the Master License Agreement and the rights of the Target Group under the Sub-license Agreement, and in particular, the changes are intended to:

(a) clarify the right of FGA HK as to the renewal of the Sub-License after the initial term for a second, third and fourth term of five years, which shall be contemporaneous with the term of the Master License Agreement; and

(b) specify the renewal conditions in respect of a partial renewal of the license granted for the Networking Business only, where such partial renewal shall be contingent on the financial figures of the Target Group's Networking Business only rather than the combined financial figures of the Target Group's Networking Business and the businesses to be conducted by Energetic Force through Forbes Media HK and Shanghai Solid Grace upon the completion of the Reorganisation. The partial renewal mechanism is provided under the Master License Agreement in the event that Energetic Force fails to perform certain obligations or business conditions under the Master License Agreement, resulting in its failure to renew the Master License Agreement as a whole. Energetic Force can opt for partial renewal upon submission of a business plan in respect of the Networking Groups. FIPC shall approve such partial renewal so long as the Target Group has met certain business conditions as stipulated in the Master License Agreement. FIPC and Energetic Force shall thereafter terminate the Master Licence Agreement and enter into a new agreement in respect of granting of rights for the operation of Networking Groups business, whereas the license granted under the Sub-licence Agreement shall also be renewed and remain in effect.

As the Group is not a party under and has no control to the Master License Agreement, the partial renewal specifically addresses the situation where the Master License Agreement cannot be renewed in its entirety. So long as the Target Group on its own meets the business conditions stipulated in the Master License Agreement, the terms in connection with the Networking Groups can be partially renewed and FIPC shall approve such partial renewal by entering into a new licensing agreement with Energetic Force in respect of the FGA Intellectual Property Rights particularly, thus ensuring the continuity of the Sub-license Agreement with the Target Group. As such, the Board is of the view that the partial renewal gives the Company a reasonable extent of certainty over the continued use of the FGA Intellectual Property Rights, as long as the Target Group continues to perform and meets all conditions required on its own.

EXPECTED BENEFITS AND RATIONALES OF THE ACQUISITION

Shareholders' attention is drawn to the contents of the announcement of the Company dated 4 June 2021 under the heading of "Reasons For And Benefits of entering into the Acquisition", and in particular, the synergistic combination of the Group and the Target Group which opens up new business opportunities and enhance the client base of the Group's existing Financial Services Business, at a time where Hong Kong is moving towards a fuller integration with the Greater Bay Area and the opening up of access of Mainland China investors to financial products available in Hong Kong.

Having considered the various changes to the Master License Agreement, the Sub-license Agreement and the Agreement, as well as the commercial and strategic benefits of the Acquisition, the Board considers that the changes and amendments have enabled the Group to mitigate the risks in investing in the Target Group considerably and afford the Company with a defendable entry strategy in the business arena of the Target Group, while allowing the Company to fully leverage the synergistic and complimentary nature of the Target Group's Networking Business with the Company's existing core financial businesses.

CONSIDERATION SHARES

Pursuant to the Agreement, the Company and the Vendor originally agreed that the Total Consideration of US$35.0 million shall be settled by the issue and allotment of up to 1,131,666,666 Consideration Shares at the Issue Price of HK$0.24 per Consideration Share for full settlement of the Total Consideration.

Pursuant to the Supplemental Agreement, the Company and the Vendor have agreed to revise the payment terms and up to 905,333,332 Consideration Shares (or the adjusted number of the Consideration Shares in accordance with the Adjustment Mechanisms) shall be issued and allotted at the same Issue Price as set out in the Agreement of HK$0.24 per Consideration Share as part payment of the Total Consideration.

The revised maximum number of Consideration Shares represent approximately 13.46% of the number of issued Shares as at the date of this announcement and represent approximately 11.87% of the number of issued Shares as enlarged by the issue and allotment of the Consideration Shares, subject to Completion and assuming that there will be no change in the issued share capital of the Company save for the issue and allotment of the Consideration Shares.

The Issue Price was set and remained at HK$0.24 per Share as agreed between the Vendor and the Company in the Agreement dated 4 June 2021 after considering the following: (i) the liquidity of the Shares remains relatively low. During the period from 22 February 2021, being the date after the publication of the announcement on the memorandum of understanding relating to the Acquisition on 21 February 2021 ("**First MOU Announcement**") to the Agreement dated 4 June 2021 ("**Post MOU Announcement Period**"), the average daily trading volume and the Shares in issue as at the 4 June 2021 was 4,535,642 Shares and 6,724,629,735 Shares, respectively, the average daily trading volume of the Shares in terms of the total number of the Shares in issue was only approximately 0.067%; (ii) the price movement during the Post MOU Announcement Period might be due to amongst others, the market reaction after the release of the First MOU Announcement issued on 21 February 2021; and (iii) other than the completion of the placing of the new Shares under the specific mandate on 4 June 2021, the business and financial position of the Group remains substantially the same as at the time of the First MOU Announcement.

The Board had also re-assessed the Issue Price taking into consideration amongst others, the Company's recent share price movement, financial and cash availability. In particular, the Board has observed, amongst others, the following (i) the Company reported a loss for the year ended 31 March 2021 and for the six months ended 30 September 2021; (ii) the Issue Price represents: (a) a premium of approximately 280.0% over the audited consolidated net asset value per Share of approximately HK$0.063 per Share as at 31 March 2021 according to the Company's annual results for the year ended 31 March 2021; and (b) a premium of approximately 88.6% over the unaudited consolidated net asset value per Share of approximately HK$0.128 per Share as at 30 September 2021 according to the Company's interim results for the six months ended 30 September 2021; and (iii) the Company has approximately HK$170.7 million cash on hand as at 30 September 2021 which is not sufficient to settle the entire Consideration by way of cash, notwithstanding the Company is required to reserve certain portion as working capital for the Company's operations.

Based on all of the above, the Board considers that the Consideration Shares provide an effect of additional equity financing to the Company for the Acquisition while giving the Company additional ability to generate more return by deploying the existing working capital and further considers that the Issue Price at HK$0.24 fair and reasonable and to the benefit of the Company.

The Consideration Shares will be issued and allotted pursuant to the Specific Mandate and shall be issued on terms that they will rank *pari passu* in all respects with the Shares in issue as at their respective dates of issue and allotment save as regards any right to (i) dividend which may be declared or paid by the Company; or (ii) any other form of shareholder's rights or benefits against the Company, in either case by reference to a record date which is prior to their respective dates of issue and allotment.

An application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the maximum number of Consideration Shares.

EFFECT ON THE SHAREHOLDING STRUCTURE

For illustration purpose, assuming there being no other changes in the share capital of the Company from the date of this announcement up to the Completion Date, set out below is the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the issue and allotment of the maximum number of Consideration Shares to be issued, assuming the settlement of the maximum number of Consideration Shares in full.

Shareholders	**As at the date of this announcement**		**Immediately after the issue and allotment of the maximum number of Consideration Shares**	
	Number of Shares	*Approx. %*	*Number of Shares*	*Approx. %*
Executive Directors				
Chen Jiajun *(Note)*	3,363,819,533	50.02%	3,363,819,533	44.08%
Kwok Yin Ning	15,809,600	0.24%	15,809,600	0.21%
Subtotal	3,379,629,133	50.26%	3,379,629,133	44.29%
The Vendor	–	–	905,333,332	11.87%
Other public Shareholders	3,345,000,602	49.74%	3,345,000,602	43.84%
Total	6,724,629,735	100.00%	7,629,963,067	100.00%

Note: Mr. Chen Jiajun is deemed to be interested in 3,363,819,533 Shares held by his wholly-owned company, namely Kingkey Holdings (International) Limited.

POSSIBLE CONTINUING CONNECTED TRANSACTIONS

A. Background

Prior to Completion, Energetic Force (a direct 30%-controlled company of FVI) will enter into the Sub-license Agreement with FGA HK (a wholly-owned subsidiary of the Target Company) in respect of the license of FGA Intellectual Property Rights by Energetic Force to FGA HK, which will grant FGA HK the FGA Intellectual Property Rights for the use of the names, trademarks and goodwill associated with the FGA Intellectual Property Rights, including the Trademarks, "Forbes Global Alliance" and "福布斯環球聯盟", in the PRC (excluding Hong Kong, Macau and Taiwan). Further, it is expected that pursuant to the Sub-license Agreement, FGA Fuhui will be entitled on an equal basis with FGA HK to exercise all the rights granted to FGA HK under the Sub-license Agreement.

In addition to the Sub-license Agreement, it is anticipated that Forbes China Group Members will also enter into certain transactions with the Target Group Companies in relation to (i) co-hosting of events; (ii) provision of various types of services; and (iii) advertising arrangements and these transactions would constitute continuing connected transactions upon Completion. On this premise, it is proposed that prior to Completion, the Target Company and Forbes Media HK will enter into three Framework Agreements, namely the Event Co-Hosting Framework Agreement, the Services Framework Agreement and the Advertising Framework Agreement.

Upon Completion, the Target Company will be owned as to 70% by the Company and 30% by FVI, and hence become a subsidiary of the Company. FVI will be a substantial shareholder of the Target Company and hence a connected person of the Company. Energetic Force, being a direct 30%-controlled company of FVI, will be an associate of FVI and hence also a connected person of the Company. Accordingly, the transactions contemplated under the Sub-license Agreement to be entered into between Energetic Force and FGA HK will constitute a continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Similarly, upon Completion, Forbes Media HK, being an indirect 30%-controlled company of FVI, will also be an associate of FVI and hence a connected person of the Company. Accordingly, the transactions contemplated under the Framework Agreements to be entered into between the Target Company and Forbes Media HK will also constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

1. The Sub-license Agreement

For details of the major terms of the Sub-license Agreement, please refer to the contents in the announcement of the Company dated 4 June 2021 under the heading "The Sub-license Agreement and the Possible Continuing Connected Transaction" and the paragraph headed "Changes to the Sub-license Agreement" in this announcement.

2. The Event Co-hosting Framework Agreement

Set out below are the major terms of the Event Co-hosting Framework Agreement:

Parties:

(1) The Target Company; and

(2) Forbes Media HK.

Term:

Subject to the conditions precedent being satisfied, the Event Co-hosting Framework Agreement shall take effect from the date of Completion and until 31 December 2025 (both days inclusive).

Immediately following the expiry of the above term, the parties may by mutual agreement extend the Event Co-hosting Framework Agreement for a term of not more than five years.

Description of the transactions:

Subject to contract, the Target Company agrees to cause the Target Group Companies and Forbes Media HK agrees to cause Forbes China Group Member to co-host and/or co-organize:

(i) event or function which is marketed as the Forbes China Group's proprietary event or function and is co-hosted and/or co-organized by the Target Group and the Forbes China Group (the "**Forbes Event**"); and

(ii) event or function which is not marketed as Forbes China Group's proprietary event or function and is co-hosted and/or co-organized by the Target Group and Forbes China Group and, if applicable, other independent third parties (the "**Non-Forbes Event**").

Determination of fees:	**Forbes Event**

Prior to each Forbes Event, the relevant Target Group Company and the relevant Forbes China Group Member shall agree on a total target event sponsorship amount (the "**Total Target Sponsorship Amount**") and shall agree on a portion of the Total Target Sponsorship Amount to be raised or procured by the Target Group Company (the "**FGA Target Sponsorship Amount**").

The fee payable by Forbes China Group Member to relevant Target Group Company (the "**FGA Event Co-Hosting Fee**") shall be up to 40% of the total gross profit attributable to the Forbes Events (the "**Total Forbes Event GP**"), details of which shall be determined as follows:

(a) if the actual sponsorship amount raised and procured by the Target Group Companies (the "**Actual Raised Amount**") for the Forbes Event is equal to or higher than 100% of the FGA Target Sponsorship Amount, the FGA Event Co-Hosting Fee shall be equivalent to 40% of the Total Forbes Event GP;

(b) if the Actual Raised Amount is equal to or higher than 50% but less than 100% of the FGA Target Sponsorship Amount, the FGA Event Co-Hosting Fee shall be equivalent to 25% of the Total Forbes Event GP;

(c) if the Actual Raised Amount is less than 50% of the FGA Target Sponsorship Amount, the FGA Event Co-Hosting Fee shall be NIL.

For the avoidance of doubt, the Forbes China Group Member shall retain the remaining balance of the Total Forbes Event GP after paying the FGA Event Co-Hosting Fee according to (a) to (c) above.

The relevant Target Group Company and the relevant Forbes China Group Member shall bear their own cost in relation to the procurement of sponsorship under the Forbes Event Arrangement.

Non-Forbes Event

For the avoidance of doubt, unlike the Forbes Event Arrangement, the Target Group Companies shall receive the total income to be generated from the Non-Forbes Events and shall then pay to Forbes China Group Member the event co-hosting fee (the "**FC Event Co-Hosting Fee**") to be determined as follows:

(a) the Forbes China Group Member shall receive the FC Event Co-Hosting Fee equivalent to 10% to 20% of the gross profit to be generated from the each of Non-Forbes Event, the exact percentage of which shall be subject to further agreement between the Target Group Companies and the Forbes China Group Member depending on the details of each Non-Forbes Event.

If a Non-Forbes Event is to be co-hosted and/or co-organized with other third parties (the "**Third Party Organiser**"), the relevant Target Group Companies and the relevant Forbes China Group Member shall use their best efforts in negotiating the terms with the third parties, and in any event, the event co-hosting fee to be payable to the Third Party Organiser shall be not more than 50% of the gross profit to be generated by the Non-Forbes Events.

The relevant Target Group Company and the relevant Forbes China Group Member shall bear their own cost in relation to the procurement of event revenue under the Non-Forbes Event Arrangement.

Conditions precedent: The Event Co-hosting Framework Agreement is conditional on the following:

(a) the passing of the relevant resolutions by the Independent Shareholders approving the Event Co-hosting Framework Agreement, the transactions contemplated under the Event Co-hosting Framework Agreement and the annual caps in accordance with the Listing Rules; and

(b) Completion.

Other major terms:	The specific terms of the transactions within the scope of the Event Co-hosting Framework Agreement shall be governed by separate contracts to be agreed between the Target Group Companies and Forbes China Group Members from time to time.

3. *The Services Framework Agreement*

Set out below are the major terms of the Services Framework Agreement:

Parties:

(1) The Target Company; and

(2) Forbes Media HK.

Term:

Subject to the conditions precedent being satisfied, the Services Framework Agreement shall take effect from the date of Completion and until 31 December 2025 (both days inclusive).

Immediately following the expiry of the above term, the parties may by mutual agreement extend the Services Framework Agreement for a term of not more than five years.

Description of the transactions:

In consideration of the payment of services fees by the Target Group Companies, Forbes Media HK agrees to cause Forbes China Group Members, to provide the following services to the Target Group Companies and/or members of any of the networking groups and membership organizations formed, operated and maintained by the Target Group from time to time (the "**FGA Network**"):

(a) providing the following services to members of the FGA Network (the "**Member Services Arrangement**"):

(i) providing entrance tickets for or permitting participation in events and functions organized by Forbes China Group (the "**Event Services**");

(ii) providing marketing services by means of publishing marketing contents on the publications or marketing platforms of Forbes China Group (the "**Marketing Services**");

(iii) allowing subscription for the subscription based contents published by Forbes China Group such as newsletters and magazines (the "**Subscription Services**"); and

(iv) displaying the portrait pictures, names and/or biographical information of members of the FGA Network on the brand wall(s) of Forbes China Group in their office(s) (the "**Brand Wall Services**").

(b) referring or introducing individuals to the Target Group to join as members of the FGA Network (the "**Member Referral Arrangement**"); and

(c) creating content and providing editorial services to the Target Group for the Target Group 's publication in/on/through its newsletters, magazines, websites, social media platforms or other media channels (the "**Content Services Arrangement**").

Determination of fees: The Target Company agrees to cause the Target Group Companies to pay fee(s) (the "**Service Fee(s)**") to Forbes China Group Members calculated in the following manner:

(a) **Event Services:** the Service Fee shall be calculated at a discount of at least 10% from the prevailing prices that Forbes China Group Members charge their members or customers for the same services;

(b) **Marketing Services:** the Service Fees shall be calculated at a discount of 20% from the prevailing prices that Forbes China Group Members charge their members or customers for the same services;

(c) **Subscription Services:**

(i) for printed newsletters published by any Forbes China Group Member, the Service Fee shall be RMB30 per copy; and

(ii) for other types of subscription based content, the Service Fees shall be calculated at a discount of at least 20% from the prevailing prices that Forbes China Group Members charge their independent customers for the same subscriptions;

(d) **Brand Wall Services:** the Service Fees shall be equal to the cost of production and installation of the relevant picture frames incurred by the relevant Forbes China Group Members, which in substance, shall be reimbursement of the costs incurred;

(e) **Member Referral Arrangement:** provided that the members referred are admitted by FGA Network as its members, the Service Fee shall be as follows:

(i) if admitted as Forbes Global Alliance 500 Member: RMB15,000;

(ii) if admitted as Forbes Global Alliance Honorary Member: RMB40,000; and

(iii) if admitted as Forbes Global Alliance Associate Member: RMB2,000;

(f) **Content Services Arrangement:** the Service Fee shall be in substance reimbursements to the staff costs to be incurred to Forbes China Group Members based on the actual time spent by the staff of Forbes China Group Members in providing the relevant services.

Conditions precedent: The Services Framework Agreement is conditional is conditional on the following:

(a) the passing of the relevant resolutions by the Independent Shareholders approving the Services Framework Agreement, the transactions contemplated under the Services Framework Agreement and the annual caps in accordance with the Listing Rules; and

(b) Completion.

Other major terms: The specific terms of the transactions within the scope of the Services Framework Agreement shall be governed by separate contracts to be agreed between the Target Group Companies and Forbes China Group Members from time to time.

4. The Advertising Framework Agreement

Set out below are the major terms of the Advertising Framework Agreement:

Parties:	(1) The Target Company; and (2) Forbes Media HK.
Term:	Subject to the conditions precedent being satisfied, the Advertising Framework Agreement shall take effect from the date of Completion and until 31 December 2025 (both days inclusive). Immediately following the expiry of the above term, the parties may by mutual agreement extend the Advertising Framework Agreement for a term of not more than five years.
Description of transactions:	(a) In consideration of the payment of an advertisement referral fee by Forbes China Group Members to the Target Group Companies, the Target Company agrees to cause the Target Group Companies to refer, solicitor and sell advertising space on all social media platforms, websites and apps owned by Forbes China Group ("**Forbes Media Channels**") for Forbes China Group (the "**Advertisement Referral Arrangement**"). (b) In consideration of the payment of an advertising fee by the Target Group Companies to Forbes China Group Members, the Target Group Companies shall be entitled to purchase advertising space on any Forbes Media Channels for resale to other third parties (the "**Advertising Space Resale Arrangement**").
Determination of fees:	(a) The advertisement referral fee to be paid by Forbes China Group Members to the Target Group Companies shall be 25% of any advertising revenue received by Forbes China Group Members arising from the Advertisement Referral Arrangement. (b) The advertising fee to be paid by the Target Group Companies to Forbes China Group Members shall be calculated at a discount of at least 25% of the prevailing prices of the advertising space that the Forbes China Group Members charge their independent customers.

Conditions precedent: The Advertising Framework Agreement is conditional on the following:

(a) the passing of the relevant resolutions by the Independent Shareholders approving the Advertising Framework Agreement, the transactions contemplated under the Advertising Framework Agreement and the annual caps in accordance with the Listing Rules; and

(b) Completion.

Other major terms: The specific terms of the transaction within the scope of the Advertising Framework Agreement shall be governed by separate contracts to be agreed between the Target Group Companies and Forbes China Group Members from time to time.

B. Pricing Policies

The determination of fees under the Sub-license Agreement shall be arrived at with reference to and taking into account (i) the payment terms under the Master License Agreement; (ii) the market practice for similar licensing/sub-licensing arrangements. The determination of fees under the Framework Agreements shall be arrived at with reference to and taking into account (i) the prevailing market rates from time to time for comparable types of transactions under each of the Framework Agreements.

The pricing and terms of the Sub-license Agreement and the Framework Agreements and the transactions contemplated therein shall be based on normal commercial terms or better, agreed after good faith and arm's length negotiations, fair and reasonable and no less favourable to the Target Company than those offered by or to (as the case may be) Independent Third Parties, and in the interests of the Group and the Shareholders as a whole.

C. Annual Caps

1. Proposed Annual Caps

The following table sets forth the Proposed Annual Caps for the Possible Continuing Connected Transactions contemplated under the Sub-license Agreement and the Framework Agreements:

	Proposed Annual Caps				
	From Completion to 31 March	For the year ending 31 March			
Transaction	**2022**	**2023**	**2024**	**2025**	**2026**
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
Expenditure of the Target Group					
Sub-licensing under the Sub-license Agreement	1,700,000	8,600,000	12,400,000	13,640,000	15,004,000
Co-hosting of Non-Forbes Events under the Event Co-hosting Framework Agreement	1,000,000	2,000,000	2,200,000	2,420,000	2,662,000
Provision of various types of services under the Services Framework Agreement	447,000	4,352,000	6,217,000	7,097,000	7,452,000
Advertising Space Resale Arrangement under the Advertising Framework Agreement	375,000	1,500,000	1,650,000	1,815,000	1,997,000
Total	3,522,000	16,452,000	22,467,000	24,972,000	27,115,000
Income of the Target Group					
Co-hosting Forbes Events under the Event Co-hosting Framework Agreement	7,700,000	15,400,000	16,940,000	18,634,000	20,498,000
Advertisement Referral Arrangement under the Advertising Framework Agreement	375,000	1,500,000	1,650,000	1,815,000	1,997,000
Total	8,075,000	16,900,000	18,590,000	20,449,000	22,495,000

2. ***Basis for determining the Proposed Annual Caps***

The Proposed Annual Caps are determined after taking into account the following factors:

(a) in relation to the sub-licensing under the Sub-license Agreement, the applicable Proposed Annual Caps have been arrived at after considering various factors including (i) the expected revenue to be generated from the Networking Business by the Target Group with reference to existing contracts; (ii) the payment term for royalties under the Master License Agreement; and (iii) the expected growth in revenue to be generated from the Networking Business.

(b) for the transactions contemplated under the Event Co-hosting Framework Agreement:

(i) in relation to co-hosting Forbes Events, the applicable Proposed Annual Caps have been arrived at after considering various factors including (1) the scheduled events to be conducted by Forbes China Group pursuant to the existing contracts entered into by Forbes China Group and other parties, where such events are expected to be co-hosted with the Target Group Companies; (2) the expected Forbes Events to be conducted; (3) the estimated proposed sponsorship amount to be raised and procured by the Target Group Companies; (4) the estimated gross profits to be derived from such Forbes Events; (5) the expected business growth of the Target Group; and (6) the fee arrangement for similar transactions conducted by Forbes China Group and parties apart from the Target Group Companies.

(ii) in relation to co-hosting Non-Forbes Events, the applicable Proposed Annual Caps have been arrived at after considering various factors including (1) the scheduled Non-Forbes Events to be conducted pursuant to the existing contracts entered into by the Target Group Companies; (2) the Non-Forbes Events expected to be conducted; (3) the estimated gross profits to be derived from such events; and (4) the expected business growth of the Target Group.

(c) in respect of the provision of various types of services under the Services Framework Agreement, the applicable Proposed Annual Caps have been arrived at after considering various factors including (i) the actual and estimated number of members of FGA Network; (ii) the estimated demand from the Target Group Companies and members of FGA Network; (iii) the estimated number of members to be referred by Forbes China Group Members to the Target Group Companies; (iv) the rates offered by Forbes China Group to parties apart from the Target Group Companies; (v) the estimated cost to be incurred by Forbes China Group Members; and (vi) the discount offered to the Target Group Companies and members of FGA Network for certain services.

(d) for the transactions contemplated under the Advertising Framework Agreement:

(i) in respect of the Advertising Space Resale Arrangement, the applicable Proposed Annual Caps have been arrived at after considering various factors including (1) the advertising space expected to be purchased by the Target Companies for resale (2) the rates offered by Forbes China Group to parties apart from the Target Group Companies; and (3) the discount offered to the Target Group Companies.

(ii) in respect of the Advertisement Referral Arrangements, the applicable Proposed Annual Caps have been arrived at after considering various factors including (1) the estimated advertising budget of the customers to be referred by the Target Group Companies; (2) the estimated advertising revenue to be received by Forbes China Group Members; and (3) the referral fee offered to the Target Group with reference to the arrangement between Forbes China Group and parties apart from the Target Group Companies for other advertising activities.

3. Aggregation of the Proposed Annual Caps for the Possible Continuing Connected Transactions

As the transactions contemplated under the Sub-license Agreement and the Framework Agreements are entered into between the Target Group and Forbes China Group, the Board is of the view that the respective Proposed Annual Caps for transactions of expenditure nature and the Proposed Annual Caps for transactions of income nature shall be calculated on an aggregated basis pursuant to Rule 14A.83.

Referring to the table in respect of the Proposed Annual Caps for the Possible Continuing Connected Transactions set out above, the aggregated Proposed Annual Caps for the expenditure in relation to the Possible Continuing Connected Transactions payable by the Target Group are expected not to exceed RMB3,522,000, RMB16,452,000, RMB22,467,000, RMB24,972,000 and RMB27,115,000 respectively, for the period from Completion to 31 March 2022, for the years ending 31 March 2023, 2024, 2025 and 2026, whereas the aggregated Proposed Annual Caps for the income in relation to the Possible Continuing Connected Transactions payable to the Target Group are expected not to exceed RMB8,075,000, RMB16,900,000, RMB18,590,000, RMB20,449,000, RMB22,495,000 respectively, for the period from Completion to 31 March 2022, for the years ending 31 March 2023, 2024, 2025 and 2026.

D. Reasons for and the Benefits of the Possible Continuing Connected Transactions

The Target Group is principally engaged in the Networking Business in the PRC (excluding Hong Kong and Macau and Taiwan). Since the commencement of its operations in May 2021, it has been conducting the Networking Business under "Forbes Global Alliance" and "福布斯環球聯盟" and the Trademarks ("Forbes Global Alliance" and "福布斯環球聯盟") have been widely adopted in its business operations. Therefore the grant of the Sub-license for the use of the FGA Intellectual Property Rights, in particular the Trademarks is of paramount importance for the continuation of the Target Group's business after Completion. Since the Target Group is in a relatively early stage of development, the continual use of the FGA Intellectual Property Rights for a sustained period shall promote the brand awareness and recognition of "Forbes Global Alliance" and "福布斯環球聯盟" along with the corporate image of the Target Group in the market and hence ensures the stability of the services and business of the Target Group.

Given that the Target Group only commenced its business in May 2021, the Board is of the view that it is in the interests of the Target Group to leverage on the established Media Business operated by Forbes China Group through co-hosting Forbes and Non-Forbes Events; provision of various types of services to the Target Group Companies and members of FGA Network; and the Advertising Space Resale Arrangement and the Advertisement Referral Arrangement to facilitate the operation and the development of the Networking Business. Through the business cooperation, the Target Group can accumulate a pool of customers/readers/members, market resources, industry connections and operational experience for its future development. The provision of various types of services to the Target Group Companies and the members of the FGA Network will enable the Target Group to provide a wider range of services without the need to cater for such services in-house and hence enhance operational efficiency. It also provides exposure of the members of the FGA Network on media channels operated and events conducted by Forbes China Group. Similarly, the Advertising Space Resale Arrangement and Advertisement Referral Arrangement will enable the Target Group to provide advertising space to its members so they can be featured on media channels operated by Forbes China Group. The affiliation between the Target Group and Forbes China Group and hence the association of the members of the FGA Network with the renowned "Forbes" brand may enhance the creditability of the profile of such members and the FGA Network as a whole and thereby improve the market reputation of the Target Company and the community created by it.

As the transactions contemplated under the Sub-license Agreement and the Framework Agreements are expected to be recurring and will occur on a regular and continuing basis in the ordinary and usual course of business of the Target Group. In line with the market practice, the Board considers it necessary for Listing Rules compliance purposes and administrative convenience to enter into the Framework Agreements in order to better manage these Possible Continuing Connected Transactions.

E. Tenure of the Sub-license Agreement and the Framework Agreements

Given that the sub-license of the FGA Intellectual Property Rights under the Sub-license Agreement is crucial to the Target Group's business operations, it is in the Group's interests for the Sub-license Agreement to be of a duration of more than three years. Having considered that (a) the term of the Sub-license Agreement is within normal business practice for a trademark license agreement of this nature; (b) the strategic importance for the Target Group to use the Trademarks for its Networking Business; and (c) the duration of the term of the Sub-license Agreement is necessary to enable the Target Group to reap the benefits of the increasing brand awareness as its business grow, the Board is of the view that the sub-license under the Sub-license Agreement for a term exceeding three years is beneficial to the Shareholders as a whole.

Having considered the Target Group is relatively new to the market, the Framework Agreements secure the strategic relationship between the Target Group and Forbes China Group and enable the sharing and accumulation of a pool of customers/readers/members, market resources and experience which are invaluable for the Target Group. As disclosed, the association between the Networking Business operated by the Target Group and the Media Business operated by Forbes China Group would improve operational efficiency. Therefore, the Board is of the view that the entering into of the Sub-license Agreement and the Framework Agreements for a term longer than three years ensures stability and continuity in the business operations of the Target Group and are beneficial to the Shareholders as a whole.

The Board considers that the terms of the Sub-license Agreement and the Framework Agreements (including the determination of fees and tenure) as set out above are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS AND SHAREHOLDERS' APPROVAL

Independent Shareholders' approval requirement

Approvals will be sought from the Shareholders (or as applicable, the Independent Shareholders) at the EGM in relation to the Acquisition, the Sub-license Agreement and the Framework Agreements as detailed below and the Acquisition is conditional upon the execution of the Sub-license Agreement and the Framework Agreements.

1. The Acquisition

As the highest applicable percentage ratio in respect of the Acquisition is more than 5% but are all less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules. The Consideration Shares will be allotted and issued under the Specific Mandate to be sought from the Shareholders at the EGM, approval for the grant of the Specific Mandate by way of poll.

2. Possible Continuing Connected Transactions

As applicable percentage ratios as set out in Rule 14.07 of the Listing Rules for the Proposed Annual Caps in relation to the Possible Continuing Connected Transactions under the Sub-license Agreement and the Framework Agreements are expected to be higher than 5%, the Sub-license Agreement, the Framework Agreements and the Proposed Annual Caps in relation thereto are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The Company has appointed the Independent Financial Adviser to (i) opine on whether or not the terms of the Sub-license Agreement and the Framework Agreements are fair and reasonable, on normal commercial terms, in the ordinary and usual course of business, in the interests of the Company and the Shareholders as a whole, and the Shareholders should vote in favour of the transactions contemplated thereunder; and (ii) explain why the Sub-license Agreement and the Framework Agreements require a longer period and confirm that it is normal business practice for agreements of this type to be of such duration.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in the Acquisition, the transactions contemplated thereunder (including the allotment and issue of Consideration Shares under the Specific Mandate) and the transactions contemplated under the Sub-license Agreement and the Framework Agreements. As such, no Shareholder will be required to abstain from voting on the resolution(s) to approve the grant of the Specific Mandate and the Proposed Annual Cap at the EGM.

GENERAL

The EGM will be convened to consider, and if thought fit, approve, among others, the grant of the Specific Mandate for the allotment and issue of the Consideration Shares, the Sub-license Agreement, the Framework Agreements, the Possible Continuing Connected Transactions and the Proposed Annual Cap. The Independent Board Committee will be established to advise the Independent Shareholders in respect of the Sub-license Agreement, the Framework Agreements, the Possible Continuing Connected Transactions and the Proposed Annual Caps. The Independent Financial Adviser will be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Sub-license Agreement, the Framework Agreements, the Possible Continuing Connected Transactions and the Proposed Annual Caps. An announcement will be made by the Company as soon as possible after the appointment of such independent financial adviser.

The Circular will be issued by the Company and despatched to the Shareholders no later than 11 February 2022 because additional time is required to prepare and finalise the information to be included in the circular in accordance with Rule 19A.39A of the Listing Rules. The Circular will contain, among others, details of (i) the Agreement and the transactions contemplated thereunder; (ii) the Specific Mandate for the allotment and issue of the Consideration Shares; (iii) details of the Sub-license Agreement, the Framework Agreements, the Possible Continuing Connected Transactions and the Proposed Annual Caps, the letter of recommendation from the Independent Board Committee to the Independent Shareholders, and the letter of advice by the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Sub-license Agreement, the Framework Agreements, the Possible Continuing Connected Transactions and the Proposed Annual Caps; (iv) a notice convening the EGM; and (v) further information as required under the Listing Rules.

Pursuant to the Agreement, Completion is conditional upon the fulfilment (or waiver as the case may be) of the conditions precedent set out in the Agreement on or before the Long Stop Date, being 30 September 2021 or such other date as may be agreed between the Vendor and the Company in writing. As disclosed in the announcement of the Company dated 30 September 2021, the Vendor and the Company agreed to extend the Long Stop Date to 31 December 2021 or such other date as may be agreed between the Vendor and the Company in writing.

Completion is subject to the satisfaction of the conditions precedent to the Agreement and there is no assurance that such conditions precedent will be fulfilled or waived (as the case may be). Therefore, the transactions contemplated under the Agreement may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares or any securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the meanings set out below:

"1st Relevant Period"	means the period of twelve (12) months commencing from 1 January 2022 and ending on 31 December 2022;
"1st Tranche Consideration Shares"	means up to 452,666,666 Consideration Shares (subject to adjustment) to be allotted and issued by the Company to the Vendor as part payment of the Total Consideration;
"2nd Relevant Period"	means the period of twelve (12) months commencing from 1 July 2022 and ending on 30 June 2023;
"2nd Tranche Consideration Shares"	means up to 452,666,666 Consideration Shares (subject to adjustment) to be allotted and issued by the Company to the Vendor as part payment of the Total Consideration;
"Advertising Framework Agreement"	means the advertising framework agreement to be entered into between Forbes Media HK and FGA HK in respect of certain advertising arrangements;

"Agreement"	means the sale and purchase agreement dated 4 June 2021 and entered into between the Company and the Vendor in relation to the Acquisition as amended, modified or supplemented from time to time;
"applicable percentage ratio(s)"	has the meaning ascribed to it under the Listing Rules;
"Completion Accounts"	means the statement of financial position of the Target Group as at close of business on the Completion Date and the statement of comprehensive income and retained earnings and the statement of cash flows of the Target Group in respect of the financial period ending on the Completion Date prepared by a reputable certified public accountant firm and agreed or determined in accordance with the terms in the Agreement;
"Consideration Shares"	means up to 905,333,332 new Shares in the capital of the Company (comprising the 1st Tranche Consideration Shares and the 2nd Tranche Consideration Shares), credited as fully paid, to be allotted and issued by the Company to the Vendor free from all Encumbrances at the Issue Price as part payment of the Total Consideration;
"continuing connected transaction(s)"	has the meaning ascribed to it by the Listing Rules;
"Deed of Guarantee"	means the deed of guarantee to be executed by the Guarantor in favour of the Company in respect of the obligation for the due, full, punctual and complete payment and discharge by the Vendor of the amounts payable in connection to the Adjustment Mechanisms and the Completion Accounts;
"EGM"	means the extraordinary general meeting of the Company to be convened to consider, and if thought fit, approve, among others, the grant of the Specific Mandate for the issue and allotment of the Consideration Shares, the Sub-license Agreement, the Framework Agreements, the Possible Continuing Connected Transactions and the Proposed Annual Caps;
"Event Co-Hosting Framework Agreement"	means the event co-hosting framework agreement to be entered into between Forbes Media HK and FGA HK in respect of co-hosting of certain events;

"FGA Network"	means the networking groups and membership organisations formed, operated and maintained by the Target Group from time to time;
"Forbes China Group"	means Forbes Media HK, its holding companies, its subsidiaries and fellow subsidiaries from time to time and each of them a "Forbes China Group Member";
"Forbes Global Media"	means Forbes Global Media Holdings Inc., a company incorporated under the laws of the British Virgin Islands;
"Forbes Media Group"	means Forbes Global Media and its subsidiaries from time to time;
"Forbes Media HK"	means Forbes Media Hong Kong Limited, a company incorporated under the laws of Hong Kong and a direct wholly-owned subsidiary of Energetic Force;
"Framework Agreements"	means the Advertising Framework Agreement, the Event Co-Hosting Framework Agreement and the Services Framework Agreement;
"Guarantor"	means Lee Cho Man Joe;
"Independent Board Committee"	means the Board committee, comprising the independent non-executive Directors, to be established to advise the Independent Shareholders in respect of the Sub-license Agreement, the Framework Agreements, the Possible Continuing Connected Transactions and the Proposed Annual Caps;
"Independent Financial Adviser"	the independent financial adviser to be appointed by the Independent Board Committee to advise (i) the Independent Board Committee and the Independent Shareholders in respect of the Sub-license Agreement, the Framework Agreements, the Possible Continuing Connected Transactions and the Proposed Annual Caps; and (ii) the Board in respect of the opinion required pursuant to Rule 14A.52 of the Listing Rules;
"Independent Shareholders"	the Shareholders who are not required to abstain from voting at the EGM to approve the grant of the Specific Mandate for the allotment and issue of the Consideration Shares, the Sub-license Agreement, the Framework Agreements, the Possible Continuing Connected Transactions and the Proposed Annual Caps;

"Long Stop Date"	31 December 2021 or such other date as may be agreed between the Vendor and the Company in writing;
"Net Asset Value"	means the aggregate of all the assets of the Target Group (any intangible assets and deferred tax) less the aggregate of all the liabilities of the Target Group (actual, contingent or otherwise) as at the Completion Date; and for the avoidance of doubt, the Net Asset Value can be a positive or a negative figure;
"Possible Continuing Connected Transactions"	means the possible continuing connected transactions contemplated under the Sub-license Agreement and the Framework Agreements upon Completion;
"Post Completion Accounts"	means the audited consolidated financial statements of the Target Group for the 1st Relevant Period or the 2nd Relevant Period (as the case may be), which shall be prepared in conformity with accounting principles generally accepted in Hong Kong and consistently applied, and to the reasonable satisfaction of the Company;
"PRC"	means the People's Republic of China which, for the purpose of the Agreement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
"Proposed Annual Caps"	means the proposed maximum annual values in respect of the fees payable by or received by the Target Group (as the case may be) for the Possible Continuing Connected Transactions contemplated under the Sub-license Agreement and the Framework Agreements for the period commencing from Completion and ending on 31 March 2022 and the four years ending 31 March 2023, 2024, 2025 and 2026 respectively;
"Reorganisation Agreement"	means the share transfer, share subscription and shareholders agreement dated 27 May 2021 and entered into between FVI and the Vendor as amended, modified or supplemented from time to time;
"Sale Shares"	means the 70 shares of the Target Company legally held and beneficially owned by the Vendor representing 70% of all the shares issued by the Target Company immediately after completion of the Reorganisation and at Completion;

"Services Framework Agreement"	means the services framework agreement to be entered into between Forbes Media HK and FGA HK in respect of the provision of certain services;
"Side Letter"	means the side letter dated 30 September 2021 and entered into between the Vendor and the Company to extend the Long Stop Date as set out in the Agreement to 31 December 2021;
"Stock Exchange"	means The Stock Exchange of Hong Kong Limited;
"Supplemental Agreement"	means the supplemental agreement to the Agreement dated 13 January 2022 and entered into between the Company and the Vendor in relation to the Acquisition; and
"Third Amendment to the Master License Agreement"	means the third amendment to the Master License Agreement to be entered into between FIPC and Energetic Force.

For the purpose of the Agreement, the Company and the Vendor have agreed that the exchange rates of RMB1 = US$0.1566 and US$1 = HK$7.76 would be used.

By order of the Board
Kingkey Financial International (Holdings) Limited
Chen Jiajun
Executive Director

Hong Kong, 13 January 2022

As at the date of this announcement, the executive Directors are Mr. Chen Jiajun, Ms. Kwok Yin Ning and Mr. Mong Cheuk Wai; and the independent non-executive Directors are Ms. Mak Yun Chu, Mr. Hung Wai Che and Mr. Leung Siu Kee.