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华科资本
WEALTHKING INVESTMENTS

WEALTHKING INVESTMENTS LIMITED

華科資本有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1140)

SUPPLEMENTAL ANNOUNCEMENT IN RESPECT OF CONTINUING CONNECTED TRANSACTIONS AND CONNECTED TRANSACTION

References are made to the announcement published by Wealthking Investments Limited (the “Company”) on 29 July 2019 in relation to the continuing connected transactions and connected transaction between the Company and Finance Center for South-South Cooperation Limited (“FCSSC”, a connected person of the Company under the Listing Rules) (the “Announcement”); the supplemental announcement on 2 September 2019 (the “2019/09/02 Supplemental Announcement”) and the supplemental announcement on 17 November 2020 (the “2020/11/17 Supplemental Announcement”).

Unless otherwise stated, the capitalized terms used herein shall have the same meanings as those defined in the Announcement, the 2019/09/02 Supplemental Announcement and the 2020/11/17 Supplemental Announcement. The board of Directors (the “Board”) of the Company hereby makes the following supplemental disclosure in respect of the Service Agreement and the principal and interest payable under the Promissory Notes offsetting the Service Fee in the Announcement, the 2019/09/02 Supplemental Announcement and the 2020/11/17 Supplemental Announcement.

Due to the social movements in Hong Kong in 2019 and the outbreak of COVID-19 pandemic in 2020, FCSSC was unable to render certain services under the Service Agreement during the period from 30 July 2019 to 29 July 2020. On 17 November 2020, the Company and FCSSC entered into a supplemental service agreement (“First Supplemental Service Agreement”) allowing FCSSC to delay the delivery of certain services under the Service Agreement.

THE SECOND SUPPLEMENTAL SERVICE AGREEMENT

Due to the continuance of COVID-19 pandemic this year, FCSSC was unable to render services to the Company in the manner prescribed in the Service Agreement and the First Supplemental Service Agreement.

On 24 June 2021 (after trading hours), the Company and FCSSC entered into a second supplemental service agreement (“Second Supplemental Service Agreement”) to amend the scope of services under the Service Agreement and the First Supplemental Service Agreement, and the fee schedule.

DETAIL SCOPE OF WORK AND THE FEE SCHEDULE OF THE SECOND SUPPLEMENTAL SERVICE AGREEMENT

The detailed scope of work rendered by FCSSC and the fee schedule as amended by the Second Supplemental Service Agreement are as follows:

Item (a) There is no change to the scope of service and fee charged for the first year.

The scope of services rendered by FCSSC in the second year is changed to hosting six international conferences in Vienna and/or other places with the cooperation of an organization under United Nations or other organization agreed by the Company. The attendees are representatives of governments, business, developing institutions and academic research institutions from not less than 30 countries and from different cities. The topics of the conference are policy research and industrial development opportunities including green technology, smart cities, circular economy, global ESG investing studies and related policy coordination and financing exploration. Some of the invitees and participants of these international conferences participated through the internet. Two international conferences are being broadcasted on the internet. FCSSC will broadcast one more conference on the internet in July 2021. The service fee for the second year under this item is HK\$2,950,000;

The international conference to be hosted under this item in the third year will be cancelled, and no service fee will be charged by FCSSC in respect thereof.

Item (b) the international financial workshop program in China (outside Hong Kong) with the cooperation of PBC School of Finance, Tsinghua University or other equivalent organization agreed by the Company for the first, second and third year are cancelled. No service fee will be charged by FCSSC under this item;

Item (c) the one-day international financial conference in Hong Kong with the cooperation of an organization under United Nations or other equivalent organization agreed by the Company for the first, second and third year are cancelled. No service fee will be charged by FCSSC under this item;

Item (d) There is no change to the scope of service and fee charged for the first year.

China becomes one of the countries in which the production capacity project inspections and negotiations are organised for the second year and the third year. The service fee for organising inspections and negotiations under this item is reduced to HK\$250,000 for the second year and HK\$175,000 for the third year to reflect savings in air tickets and hotel expenses;

Item (e) There is no change to the scope of service and fee charged for the first year.

FCSSC is granting the Company access to one additional financial research report in the second year. The service fee charged by FCSSC under this item for the second year is HK\$500,000 comprising (i) annual subscription fee of HK\$100,000 per report for three financial research reports and (ii) annual subscription fee of HK\$200,000 for one financial research report.

FCSSC is granting the Company access to two additional financial research reports in the third year. The service fee charged by FCSSC under this item for the third year is HK\$1,500,000 comprising (i) annual subscription fee of HK\$100,000 per report for three financial research reports; (ii) annual subscription fee of HK\$200,000 per report for three financial research reports and (iii) HK\$600,000 as the Company's contribution towards a portion of the initial expansion fee for commissioning two financial research reports.

Item (f) There is no change to the scope of service and fee charged for this item.

Following is a comparison of the original service fee charged by FCSSC and the revised service fee:

Content	Original service fee	Revised service fee
Initial expansion cost	HK\$2,700,000	HK\$2,600,000 <i>Note 1</i>
Service fee for the first year	HK\$2,425,000	HK\$1,600,000 <i>Note 2</i>
Service fee for the Second year	HK\$2,425,000	HK\$3,900,000 <i>Note 3</i>
Service fee for the Third year	<u>HK\$2,425,000</u>	<u>HK\$1,875,000</u> <i>Note 4</i>
Total fees	<u>HK\$9,975,000</u>	<u>HK\$9,975,000</u>

Note 1: As no international financial conference in Hong Kong has been hosted, the initial expansion cost of HK\$100,000 for this item is deducted.

Note 2: Comprising service fee of (i) HK\$800,000 for item (a); (ii) HK\$300,000 for item (d); (iii) HK\$300,000 for item (e); and (iv) HK\$200,000 for item (f).

Note 3: Comprising service fee of (i) HK\$2,950,000 for item (a); (ii) HK\$250,000 for item (d); (iii) HK\$500,000 for item (e); and (iv) HK\$200,000 for item (f).

Note 4: Comprising service fee of (i) HK\$175,000 for item (d); (ii) HK\$1,500,000 for item (e); and (iii) HK\$200,000 for item (f).

ANNUAL CAPS

The Company has set the revised annual caps (maximum amounts) for services fee payable under the Second Supplemental Service Agreement as follows:

	Annual Caps
From 30 July 2019 to 29 July 2020	HK\$4,200,000
From 30 July 2020 to 29 July 2021	HK\$3,900,000
From 30 July 2021 to 29 July 2022	HK\$1,875,000

DETAILED WORK AND ANALYSIS PERFORMED BY THE DIRECTORS IN DETERMINING THE REVISED SERVICE FEE

While determining the service fee changed by FCSSC under the Second Supplemental Service Agreement, the Directors did the following work and analysis:

- (a) examining and analyzing the revised scope of services and service fee charged by FCSSC;
- (b) comparing the scope of services under the Second Supplemental Service Agreement with the original scope of services offered under the Service Agreement and the First Supplemental Service Agreement;
- (c) examining and analyzing the composition and calculation of the fees, costs, and expenses of services offered by FCSSC to replace the original services which FCSSC was unable to render or deliver;
- (d) examining and analyzing the composition and calculation of the fees, costs, and expenses of similar services provided by FCSSC for the last three years, and comparing them with the revised scope of services;
- (e) investigating and analyzing the performance ability of FCSSC, e.g., financial conditions, human resources, skills, and experience;
- (f) investigating the performance and operation history of FCSSC; and
- (g) investigating the effects of the similar services FCSSC had provided before.

Based on the above work and analysis, the Directors found that the revised scope of services met the Company's requirements. FCSSC was able and suitable to provide the services. The cancelled international financial workshop programs in China and international financial conferences in Hong Kong are compensated partly by FCSSC hosting additional international conferences, and partly by granting the Company access to additional financial research reports. As such, the Directors consider the revised service fee for the second year at HK\$3,900,000 and for the third year at HK\$1,875,000 reasonable and fair.

REASON FOR AND BENEFITS OF ENTERING INTO THE SECOND SUPPLEMENTAL SERVICE AGREEMENT

Due to the continuation of the COVID-19 pandemic this year, FCSSC was unable to host international financial workshop programs in China and international financial conferences in Hong Kong. The international financial workshop programs involve making site visits in different cities in China. Although China has successfully controlled the spread of COVID-19 pandemic and domestic travel has not been severely affected, the mobility of international travelers within China has been very restricted. The continuation of the COVID-19 pandemic in Hong Kong also results in the Hong Kong government having in place stringent quarantine measures for visitors. FCSSC has experienced difficulties in securing attendance of invitees and participants at these workshop program and financial conference, as invitees and participants were unable or reluctant to attend.

Allowing participants of international conferences to participate through the internet can encourage more participants from different jurisdictions, in particularly those regions most hard hit by the COVID-19 pandemic when international travelling remains difficult. In addition, FCSSC has broadcasted two international conference on the internet. As at 23 June 2021, these conferences have recorded an aggregated hit rate of 674,000. FCSSC plans to broadcast a further conference on the internet in July 2021. The broadcasting of these international conferences on the internet promotes the image of FCSSC as having a solid and positive basis of cooperation with nations of the global South, international financial institutions and multilateral development agencies. It will also strengthen the network and enhance the reputation of FCSSC among companies with strong incentive and capabilities to expand their businesses worldwide.

Entering into the Second Supplemental Service Agreement will enable the Company to benefit from the network, experience and reputation of FCSSC, thereby expanding the Company's international network of partners and the investment opportunities with social influence in the global South.

FCSSC has established close cooperation relationship with leading research institutions and think tanks in the PRC and other parts of the world. Granting the Company access to various financial research reports enable the Company to utilize the research resources and the network of FCSSC for further commercial interests. Entering into the Second Supplemental Service Agreement will facilitate the Company in the identification of investment opportunities in the global South.

The Directors consider that entering into the Second Supplemental Service Agreement and using the principal and interest payable under the Promissory Note to offset the service fee charged by FCSSC under the Second Supplemental Service Agreement is in line with the business expansion strategy of the Company. The Directors (including the independent non-

executive Directors) are of the view that the terms of the Second Supplemental Service Agreement (including respective terms in the Service Agreement of using the principal and interest payable under the Promissory Note to offset the service fee charged by FCSSC) and the transactions contemplated thereunder are on normal commercial terms or better and in the ordinary and usual course of business of the Company, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

FCSSC is owned as to 50% by Mr. Zhang and 50% by Mr. Cai Esheng. Mr. Zhang is an executive Director of the Company until 16 December 2020 and Mr. Cai Esheng is independent of and not connected with the Company and its connected persons. Therefore, FCSSC is an associate of Mr. Zhang. As Mr. Zhang was an executive Director of the Company in the last 12 months, Mr. Zhang is a connected person of the Group under the Listing Rules and the Second Supplemental Service Agreement constitutes a continuing connected transaction for the Company, and the principal and interest payable under Promissory Note offsetting service fee constitutes a connected transaction of the Company.

As all of the applicable percentage ratios (other than the profits ratio) with reference to (i) the largest annual cap of the Second Supplemental Service Agreement and (ii) the principal and interest payable under the Promissory Notes offsetting service fee are less than 5%, these transactions are exempted from the circular and shareholders' approval requirements under Chapter 14A of the Listing Rules. No Director has any material interest in the Second Supplemental Service Agreement and the principal and interest payable under the Promissory Note offsetting the service fee.

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

Hong Kong, 24 June 2021

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