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Wuxi Life International Holdings Group Limited

悟喜生活國際控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8148)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023**

CHARACTERISTICS OF THE GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and medium-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and medium-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the “**Directors**”) of Wuxi Life International Holdings Group Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of the Company announces that the consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2023 together with the comparative figures for the year ended 31 December 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2023

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i> (Restated)
Continuing operations			
Revenue	3	24,493	21,436
Cost of sales		(8,851)	(8,736)
Gross profit		15,642	12,700
Other income, net	4	107	1,221
Administrative expenses		(10,498)	(6,433)
Research and development expenses		(11,396)	(8,585)
Selling and distribution expenses		(2,104)	(2,340)
Impairment loss on goodwill		(1,728)	(18,508)
Impairment loss on property, plant and equipment		(272)	–
Impairment loss on right-of-use assets		(1,278)	–
Impairment/(reversal of impairment) loss on trade receivables		(67)	67
Loss from operations		(11,594)	(21,878)
Finance costs		(890)	(274)
Loss before taxation from continuing operations	5	(12,484)	(22,152)
Income tax credit	6	100	105
Loss for the year from continuing operations		(12,384)	(22,047)
Discontinued operation			
Profit for the year from discontinued operation	7	3,049	76
Loss for the year		(9,335)	(21,971)

	<i>Notes</i>	2023 HK\$'000	2022 <i>HK\$'000</i> (Restated)
Attributable to:			
Owners of the Company			
– From continuing operations		(11,591)	(21,945)
– From discontinued operation		3,049	76
		<u> </u>	<u> </u>
		(8,542)	(21,869)
Non-controlling interests			
– From continuing operations		(793)	(102)
– From discontinued operation		–	–
		<u> </u>	<u> </u>
		(793)	(102)
Loss for the year		<u>(9,335)</u>	<u>(21,971)</u>
Loss per share	<i>8</i>		
Basic and diluted (<i>HK cents</i>)			
– From continuing operations		(0.91)	(1.72)
– From discontinued operation		0.24	0.01
		<u> </u>	<u> </u>
		<u>(0.67)</u>	<u>(1.71)</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i> (Restated)
Loss for the year	(9,335)	(21,971)
Other comprehensive income for the year, net of nil tax		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
– Exchange differences on translation of financial statements of foreign operations	<u>–</u>	<u>68</u>
Total comprehensive expense for the year	<u>(9,335)</u>	<u>(21,903)</u>
Attributable to:		
Owners of the Company		
– From continuing operations	(11,591)	(21,900)
– From discontinued operation	<u>3,049</u>	<u>76</u>
	<u>(8,542)</u>	<u>(21,824)</u>
Non-controlling interests		
– From continuing operations	(793)	(79)
– From discontinued operation	<u>–</u>	<u>–</u>
	<u>(793)</u>	<u>(79)</u>
Total comprehensive expense for the year	<u>(9,335)</u>	<u>(21,903)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	2023 HK\$'000	2022 HK\$'000 (Restated)
Non-current assets			
Property, plant and equipment		–	304
Intangible assets		–	–
Goodwill		–	1,728
Right-of-use assets		–	607
Loans receivable	10	–	4,908
Deferred tax assets		–	–
		<hr/>	<hr/>
		–	7,547
Current assets			
Trade and other receivables	9	5,505	7,578
Loans receivables	10	–	–
Interest receivables	10	–	–
Cash and cash equivalents		3,198	4,445
		<hr/>	<hr/>
		8,703	12,023
Current liabilities			
Other payables	11	846	2,154
Contract liabilities		6,641	7,361
Interest-bearing borrowings	12	790	3,808
Amount due to a director	13	2,852	–
Lease liabilities		757	603
		<hr/>	<hr/>
		11,886	13,926
Net current liabilities		<hr/>	<hr/>
		(3,183)	(1,903)
Total assets less current liabilities		<hr/>	<hr/>
		(3,183)	5,644

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i> (Restated)
Non-current liabilities		
Deferred taxation	–	100
Defined benefit plan obligations	852	751
Lease liabilities	526	19
	<u>1,378</u>	<u>870</u>
Net (liabilities)/assets	<u>(4,561)</u>	<u>4,774</u>
Capital and reserves		
Share capital	50,906	50,906
Reserves	(50,102)	(41,560)
	<u>804</u>	<u>9,346</u>
Total equity attributable to owners of the Company	804	9,346
Non-controlling interests	(5,365)	(4,572)
	<u>804</u>	<u>9,346</u>
(Capital deficiency)/Total equity	<u>(4,561)</u>	<u>4,774</u>

NOTES

1. COMPANY INFORMATION

Wuxi Life International Holdings Group Limited (formerly known as Aurum Pacific (China) Group Limited) (the “**Company**”) is an exempted company with limited liability incorporated in the Cayman Islands. Its shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The Company has its registered office at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, the Cayman Islands. The principal place of business of the Company was Room A6-D, 12/F, Block A, Hong Kong Industrial Centre, 489-491 Castle Peak Road, Lai Chi Kok, Kowloon, Hong Kong and changed to Room H, 2/F, Manson Industrial Building, 8 A Kung Ngam Village Lane, Shaukeiwan, Hong Kong with effect from 15 June, 2023.

The Company acts as an investment holding company. The principal activities of its subsidiaries are provision of software platform services and development of mobile games and applications.

The consolidated financial statements for the year ended 31 December 2023 comprise the Company and its subsidiaries (together the “**Group**”).

The consolidated financial statements are presented in thousands of units of Hong Kong dollars (“**HK\$’000**”) which is the Company’s functional currency and the Group’s presentation currency.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”).

The HKICPA has issued certain new and amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group as set out in note 2(c).

(b) Basis of preparation of consolidated financial statements

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis.

The preparation of consolidated financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

During the year, the Group incurred a net loss of HK\$9,335,000 and reported a net cash outflow of HK\$4,898,000 from operating activities, and as at 31 December 2023, the Group's net current liabilities and total current liabilities amounted to HK\$3,183,000 and HK\$11,886,000 respectively while its total cash and cash equivalents amounted to HK\$3,198,000. These conditions indicate the existence of material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. The validity of the use of the going concern basis in the preparation of the consolidated financial statements is dependent upon the Group's ability to generate adequate cash flows in order to meet its obligations as and when the obligations fall due.

The directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group has sufficient financial resources to continue as a going concern. In the opinion of the directors, the Group will be able to continue to operate as a going concern in the foreseeable future and they are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis, after taking into consideration the following measures:

- Subsequent to the end of reporting period, the Group has obtained a committed loan facility of approximately HK\$10,000,000 from a financial institution, who is the lender of the Group's borrowings as at 31 December 2023 for a period of 15 months from the date of approval of the consolidated financial statements, for the purpose of (i) repaying the existing outstanding loan principal and interest in full and (ii) business use of the Group.
- On 9 February, 2024, the Board of Directors proposed to conduct the capital reorganisation and rights issue on the basis of two (2) rights share (“**Rights Share(s)**”) for every one (1) existing Adjusted Shares held on the record date at the subscription price of HK\$0.12 per Rights Share, to raise up to approximately HK\$30,543,000 before expenses by way of issuing up to 254,528,000 Rights Shares.
- The Director who had advanced to the Group amounting to HK\$2,852,000 as at 31 December 2023 had committed not to demand repayment of the amount due by the Group for at least fifteen months from the date of issue of the consolidated financial statements.

Notwithstanding the above, material uncertainty exists as to whether the Group is able to achieve its plans and measures as described above, which incorporate assumptions about future events and conditions that are subject to inherent uncertainty. Should the Group be unable to continue to operate as a going concern, it may be unable to realise its assets and discharge its liabilities in the normal course of business. Adjustments would have to be made to write down the carrying value of assets to their recoverable amounts, to provide for any future liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

(c) Changes in accounting policies

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA that are first effective for the current accounting period of the Group.

- HKFRS 17 *Insurance Contracts and Related amendments*
- Amendments to HKAS 1 and HKFRS Practice Statement 2 *Disclosure of Accounting Policies*
- Amendments to HKAS 8 *Definition of Accounting Estimates*

- Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to HKAS 12 *International Tax Reform – Pillar Two Model Rule*

Except as described below, the application of the new and amendments to the standards listed above in the current year had no material effect on the Group’s financial performance and positions for the current and prior year and on the disclosures set out in the consolidated financial statements.

Amendments to HKAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the initial recognition exemption such that it does not apply to transactions that give rise to equal and offsetting temporary differences on initial recognition such as leases and decommissioning liabilities. For leases and decommissioning liabilities, the associated deferred tax assets (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and liabilities are required to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented.

Prior to the amendments, the Group did not apply the initial recognition exemption to lease transactions and had recognised the related deferred tax, except that the Group previously determined the temporary difference arising from a right-of-use asset and the related lease liability on a net basis on the basis they arise from a single transaction. Following the amendments, the Group has determined the temporary differences in relation to right-of-use assets and lease liabilities separately. The details of the impacts on each financial statement line item and loss per share arising from the application of the amendments are set out below.

Changes in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund (“MPF”) – Long Service Payment (“LSP”) offsetting mechanism in Hong Kong

The Group is obliged to pay LSP to Hong Kong employees under certain circumstances. Meanwhile, the Group makes mandatory MPF contributions to the trustee who administers the assets held in a trust solely for the retirement benefits of each individual employee. Offsetting of LSP against an employee’s accrued retirement benefits derived from employers’ MPF contributions was allowed under the Employment Ordinance (Cap.57). In June 2022, the Government of the HKSAR gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “**Amendment Ordinance**”) which abolishes the use of the accrued benefits derived from employers’ mandatory MPF contributions to offset severance payment and LSP (the “**Abolition**”). The Abolition will officially take effect on 1 May, 2025 (the “**Transition Date**”). In addition, under the Amendment Ordinance, the last month’s salary immediately preceding the Transition Date (instead of the date of termination of employment) is used to calculate the portion of LSP in respect of the employment period before the Transition Date.

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” which provides guidance for the accounting for the offsetting mechanism and the impact arising from abolition of the MPF-LSP offsetting mechanism in Hong Kong. In particular, the guidance indicates that entities may account for the accrued benefits derived from mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP.

However, applying this approach, upon the enactment of the Amendment Ordinance in June 2022, it is no longer permissible to apply the practical expedient in paragraph 93(b) of HKAS 19 that previously allowed such deemed contributions to be recognised as reduction of service cost (negative service cost) in the period the contributions were made; instead these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit. To better reflect the substance of the abolition of the offsetting mechanism, the Group has changed its accounting policy in connection with its LSP liability and has applied the above HKICPA guidance retrospectively. The cessation of applying the practical expedient in paragraph 93(b) of HKAS 19 in conjunction with the enactment of the Amendment Ordinance resulted in a catch-up profit or loss adjustment in June 2022 for the service cost up to that date and consequential impacts on current service cost, interest expense and remeasurement effects from changes in actuarial assumptions for the rest of 2022, with the corresponding adjustment to the comparative carrying amount of the LSP liability. This change in accounting policy did not have any impact on the opening balance of equity at 1 January 2022.

Impacts of application of amendments to HKFRSs and new HKICPA guidance on the abolition of the MPF-LSP offsetting mechanism on the consolidated financial statements

The following table summarises the impacts of the changes in accounting policies as a result of application of the HKICPA guidance on the abolition of the MPF-LSP offsetting mechanism and Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction on the Group's consolidated statement of profit or loss and loss per share for the year ended 31 December 2023:

	Effect of adoption of the HKICPA guidance HK\$'000	Effect of Amendments to HKAS 12 HK\$'000	Total HK\$'000
Impact on loss for the year			
Increase in cost of sales	10	–	10
Increase in administrative expenses	15	–	15
Increase in research and development expenses	66	–	66
Increase in selling and distribution expenses	10	–	10
Increase in income tax credit	–	(100)	(100)
Increase in loss for the year attributable to the owners of the Company from continuing operations	101	(100)	1

The application of amendments to HKFRSs and the HKICPA guidance on the abolition of the MPF-LSP offsetting mechanism did not have material impact on the Group's loss per share for the year ended 31 December 2023.

The following table summarises the impacts of the changes in accounting policies as a result of application of the HKICPA guidance on the abolition of the MPF-LSP offsetting mechanism and Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction on the Group's consolidated statement of profit or loss and loss per share for the year ended 31 December 2022:

	As previously reported <i>HK\$'000</i>	Effect of adoption of the HKICPA guidance <i>HK\$'000</i>	Effect of Amendments to HKAS 12 <i>HK\$'000</i>	As restated <i>HK\$'000</i>
Consolidated statement of profit or loss for the year ended 31 December 2022:				
Cost of sales	(8,677)	(59)	–	(8,736)
Gross profit	12,759	(59)	–	12,700
Administrative expenses	(6,269)	(164)	–	(6,433)
Research and development expenses	(8,129)	(456)	–	(8,585)
Selling and distribution expenses	(2,268)	(72)	–	(2,340)
Loss from operations	(21,127)	(751)	–	(21,878)
Loss before taxation from continuing operations	(21,401)	(751)	–	(22,152)
Income tax credit	–	–	105	105
Loss for the year from continuing operations	(21,401)	(751)	105	(22,047)
Loss for the year	(21,325)	(751)	105	(21,971)
Loss attributable to owners of the Company				
– From continuing operations	(21,299)	(751)	105	(21,945)
Loss per share				
Basic and diluted (HK cents)				
– From continuing operations	(1.67)	(0.06)	0.01	(1.72)
– From discontinued operation	0.01	–	–	0.01
	<u>(1.66)</u>	<u>(0.06)</u>	<u>0.01</u>	<u>(1.71)</u>

The following table summarises the impacts of the changes in accounting policies as a result of application of the HKICPA guidance on the abolition of the MPF-LSP offsetting mechanism and Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction on the Group's consolidated statement of financial position at 31 December 2022:

	As previously reported <i>HK\$'000</i>	Effect of adoption of the HKICPA guidance <i>HK\$'000</i>	Effect of Amendments to HKAS 12 <i>HK\$'000</i>	As restated <i>HK\$'000</i>
Consolidated statement of financial position as at 31 December 2022:				
Deferred tax liabilities	–	–	(100)	(100)
Defined benefit plan obligations	–	(751)	–	(751)
Total non-current liabilities	(19)	(751)	(100)	(870)
Net assets	5,625	(751)	(100)	4,774
Reserves	(40,709)	(751)	(100)	(41,560)
Total equity attributable to owners of the Company	10,197	(751)	(100)	9,346
Total equity	5,625	(751)	(100)	4,774
Reconciliation of profit before taxation to cash generated from operations for year ended 31 December 2022				
Loss before taxation from continuing operation	(21,401)	(751)	–	(22,152)
Increase in defined benefit plan obligations	–	751	–	751

The following table summarises the impacts of the changes in accounting policies as a result of application of Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction on the Group's consolidated statement of financial position at 1 January 2022:

	As previously reported <i>HK\$'000</i>	Effect of Amendments to HKAS 12 <i>HK\$'000</i>	As restated <i>HK\$'000</i>
Consolidated statement of financial position as at 1 January 2022:			
Deferred tax liabilities	–	(205)	(205)
Total non-current liabilities	(510)	(205)	(715)
Net assets	26,882	(205)	26,677
Reserves	(19,531)	(205)	(19,736)
Total equity attributable to owners of the Company	31,375	(205)	31,170
Total equity	26,882	(205)	26,677

The Group has not applied the following amendments to HKFRSs that have been issued but are not yet effective for the current accounting period. The Group has already commenced an assessment of the impact of these new and amendments to HKFRSs but is not yet in a position to state whether these new and amendments to HKFRSs would have a significant impact on its results of operations and financial position:

	Effective for accounting periods beginning on or after
• Amendments to HKFRS 10 and HKAS 28, <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined
• Amendments to HKFRS 16, <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
• Amendments to HKAS 1, <i>Classification of Liabilities as Current or Non-Current and related amendments to Hong Kong Interpretation 5 (2020)</i>	1 January 2024
• Amendments to HKAS 1, <i>Non-current Liabilities with Covenants</i>	1 January 2024
• Amendments to HKAS 7 and HKFRS 7, <i>Supplier Finance Arrangements</i>	1 January 2024
• Amendments to HKAS 21, <i>Lack of Exchangeability</i>	1 January 2025

3. REVENUE AND SEGMENT REPORTING

(a) Revenue

Revenue represents the sales value of goods and services supplied to customers from the provision of software platform services and revenue generated from mobile games and applications development. An analysis of the Group's revenue within the scope of HKFRS 15 "Revenue from Contracts with Customers" disaggregated by major products or service lines is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
From continuing operations		
Provision of software platform services		
– Sales of licensed software	5,009	4,421
– Software maintenance services	4,959	7,871
– Software subscription	213	260
– Income from mobile application development, website conversion, website development	14,312	8,884
	<u>24,493</u>	<u>21,436</u>
Mobile games and applications	–	–
	<u>24,493</u>	<u>21,436</u>

Disaggregation of revenue from contracts with customers by the timing of revenue recognition and by geographic markets is disclosed in notes 3(b)(i) and 3(b)(iv) respectively.

For the IT service contracts in existence as at 31 December 2023 for which the performance obligations in the contracts were unsatisfied or partially satisfied as at that date, the Group will recognise the expected revenue in the future when the remaining performance obligations under the contracts are satisfied. The Group has applied the practical expedient in paragraph 121 of HKFRS 15, as the Group recognises revenue from the satisfaction of performance obligations in the amount to which it has a right to invoice, which corresponds directly with the value to the customer of the Group's performance completed to date.

(b) Segment reporting

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker, which are used to make strategic decisions.

The Group has two (2022: two) reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies. No operating segments identified by the chief operating decision-maker have been aggregated in arriving at the reportable segments of the Group. The following summary describes the operations in each of the Group's reportable segments:

Continuing operations

– Software platform:

Developing and marketing of patented server based technology and the provision of communications software platform and software related services.

– Mobile games and applications

Game publishing, development of mobile games and related intellectual property and platform, mobile applications and data solutions and provision of IT related solutions.

In previous years, the Group had a reportable segment, as follows:

Discontinued operation

– Money lending (“**Money Lending Business**”)

Provision of money lending business through Aurum Pacific Finance Limited (“**AP Finance**”), a wholly-owned subsidiary of the Company which was a money lender licensed in Hong Kong under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) up to 2 June 2021. AP Finance ceased to be a subsidiary of the Company on 14 December, 2023.

(i) *Segment revenues and results*

	For the year ended 31 December 2023		
	Continuing operations		
	Software platform <i>HK\$'000</i>	Mobile games and applications <i>HK\$'000</i>	Total <i>HK\$'000</i>
Disaggregated by timing of revenue recognition			
Point in time	7,517	–	7,517
Over time	16,976	–	16,976
Segment revenue from external customers	<u>24,493</u>	<u>–</u>	<u>24,493</u>
Segment loss	<u>(3,952)</u>	<u>(1,982)</u>	<u>(5,934)</u>
Unallocated income			101
Unallocated administration costs			(5,761)
Finance costs			<u>(890)</u>
Loss before tax from continuing operations			<u>(12,484)</u>

	For the year ended 31 December 2022 (Restated)		
	Continuing operations		
	Software platform <i>HK\$'000</i>	Mobile games and applications <i>HK\$'000</i>	Total <i>HK\$'000</i>
Disaggregated by timing of revenue recognition			
Point in time	12,588	–	12,588
Over time	8,848	–	8,848
Segment revenue from external customers	<u>21,436</u>	<u>–</u>	<u>21,436</u>
Segment loss	<u>(18,885)</u>	<u>(256)</u>	<u>(19,141)</u>
Unallocated income			72
Unallocated administration costs			(2,809)
Finance costs			<u>(274)</u>
Loss before tax from continuing operations			<u>(22,152)</u>

(ii) *Segment assets and liabilities*

The following is an analysis of the Group's assets and liabilities by reportable and operating segments.

	At 31 December 2023 HK\$'000	At 31 December 2022 HK\$'000
Reportable segment assets from continuing operations		
Software platform	7,794	10,288
Mobile games and applications	5	1,981
	<hr/>	<hr/>
Total segment assets	7,799	12,269
Assets of money lending discontinued operation	–	5,115
Unallocated bank balances and cash	572	88
Goodwill (<i>Note</i>)	–	1,728
Other unallocated assets	332	370
	<hr/>	<hr/>
Consolidated total assets	8,703	19,570

Note: Goodwill is not included in the measures of segment assets, but impairment loss on goodwill is included in the measures of segment results. The effects of this asymmetrical allocations to reportable segments are shown in the tables above.

	At 31 December 2023 HK\$'000	At 31 December 2022 HK\$'000 (Restated)
Reportable segment liabilities from continuing operations		
Software platform	8,905	8,934
Mobile games and applications	179	166
	<hr/>	<hr/>
Total segment liabilities	9,084	9,100
Liabilities of money lending discontinued operation	–	39
Interest-bearing borrowings	790	3,808
Other unallocated liabilities	3,390	1,849
	<hr/>	<hr/>
Consolidated total liabilities	13,264	14,796

(iii) Other segment information

	Software platform HK\$'000	Mobile games and applications HK\$'000	Unallocated HK\$'000	Consolidated – continuing operations HK\$'000
For the year ended 31 December 2023				
Amounts included in measure of segment profit or loss or segment assets:				
Depreciation and amortisation	921	–	38	959
Research and development expenses	11,396	–	–	11,396
Interest on:				
– lease liabilities	27	–	1	28
– other loan	–	–	862	862
Impairment loss recognised in respect of goodwill	1,728	–	–	1,728
Impairment loss recognised in respect of property, plant and equipment	272	–	–	272
Impairment loss recognised in respect of right-of-use assets	1,278	–	–	1,278
Impairment loss recognised on trade and other receivables	67	–	–	67
Write-off of deposits	–	1,969	–	1,969
Additions to non-current assets	1,675	–	–	1,675
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	Software platform HK\$'000	Mobile games and applications HK\$'000	Unallocated HK\$'000	Consolidated – continuing operations HK\$'000

**For the year ended 31 December 2022
(Restated)**

Amounts included in measure of segment profit or loss or segment assets:				
Depreciation and amortisation	900	–	71	971
Research and development expenses	8,585	–	–	8,585
Interest on:				
– lease liabilities	46	–	5	51
– other loan	–	–	223	223
Impairment loss recognised in respect of goodwill	18,508	–	–	18,508
Reversal of allowances in respect of trade and other receivables	(67)	–	–	(67)
Additions to non-current assets	191	–	183	374
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

(iv) *Geographical information and major customers*

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, right-of-use assets, intangible assets and goodwill ("specified non-current assets"). The geographical location of the specified non-current assets is based on the physical location of the assets, in case of property, plant and equipment and right-of-use assets, the location of the operation to which they are allocated, in case of intangible assets and goodwill.

	Revenue from external customers – continuing operations		Specified Non-current assets	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Hong Kong	24,474	21,284	–	2,639
Mainland China	–	98	–	–
Others	19	54	–	–
	<u>24,493</u>	<u>21,436</u>	<u>–</u>	<u>2,639</u>

Others mainly cover Macau and Taiwan.

Revenue from major customer arising from provision of software platform services which accounted for 10% or more of the total revenue of the Group is set out below:

	2023 HK\$'000	2022 HK\$'000
Customer A	<u>3,274</u>	<u>3,272</u>

4. **OTHER INCOME, NET**

	2023 HK\$'000	2022 HK\$'000
From continuing operations		
Bank interest income	–*	–*
Foreign exchange loss, net	–	76
Gain on disposal of subsidiaries, net	6	–
Government grants	–	1,072
Sundry income	101	73
	<u>107</u>	<u>1,221</u>

* Below HK\$1,000.

In 2022, the Group successfully applied for funding support from the Employment Support Scheme under the Anti-epidemic Fund, set up by the Government from Hong Kong Special Administrative Region. The purpose of the funding was to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grant, the Group was required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees.

5. LOSS BEFORE TAXATION FROM CONTINUING OPERATIONS

Loss before taxation from continuing operations is arrived at after charging:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i> (Restated)
(a) Finance costs:		
Interest on lease liabilities	28	51
Interest on other borrowings	862	223
	<u>890</u>	<u>274</u>
(b) Staff costs (including directors' remuneration):		
Salaries, wages and other benefits	17,263	16,011
Contributions to defined contribution retirement plan	710	676
Expenses recognised in respect of defined benefits plans:		
– Long service payments	101	751
	<u>18,074</u>	<u>17,438</u>
(c) Other items:		
Auditor's remuneration	420	370
Depreciation of property, plant and equipment	169	155
Depreciation of right-of-use assets	790	816
Expense relating to short-term leases	44	–
Fixed assets written off	4	–
Write-off of deposits	1,969	–
Subcontracting costs included in cost of sales	<u>5,870</u>	<u>440</u>

6. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS RELATING TO CONTINUING OPERATIONS

(a) Taxation in the consolidated statement of profit or loss represents:

	2023 HK\$'000	2022 HK\$'000 (Restated)
Deferred taxation		
Origination and reversal of temporary differences	<u>(100)</u>	<u>(105)</u>
Income tax credit	<u><u>(100)</u></u>	<u><u>(105)</u></u>

(i) Hong Kong Profits Tax

No provision for Hong Kong Profits Tax has been made for 2023 (2022: HK\$Nil) as the subsidiaries incorporated in Hong Kong have no assessable profits for the year.

(ii) PRC Enterprise Income Tax

The subsidiaries incorporated in the People's Republic of China ("PRC") are subject to the PRC Enterprise Income Tax rate of 25% (2022: 25%) for the year.

No provision for the PRC Enterprise Income Tax has been made for 2023 and 2022 as the subsidiaries incorporated in the PRC have estimated tax losses for the year.

(iii) Income tax from other tax jurisdictions

Pursuant to the income tax rules and regulations, the Group is not subject to income tax in Cayman Islands and the British Virgin Islands (the "BVI").

	2023 HK\$'000	2022 HK\$'000 (Restated)
Loss before taxation from continuing operations	<u>(12,484)</u>	<u>(22,152)</u>
Notional tax credit on loss before taxation		
at Hong Kong statutory tax rate	(2,059)	(3,655)
Tax effect of non-deductible expenses	1,810	3,856
Tax effect of non-taxable income	(1)	(453)
Tax effect of unused tax losses not recognised	145	134
Tax effect of temporary differences not recognised	<u>5</u>	<u>13</u>
Income tax credit	<u><u>(100)</u></u>	<u><u>(105)</u></u>

7. DISCONTINUED OPERATION

The Group's loans and interest receivables arose from the Money Lending Business of providing loans in Hong Kong with the money lenders licence granted under Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) held by AP Finance, a wholly-owned subsidiary of the Company.

Due to keen market competition, and the challenging environment together with the consideration of the risks associated with the possible default by the loan borrowers, owing to prolonged impact of COVID-19 pandemic, the Group did not renew its money lender licence after the licence expiration on 2 June, 2021 and ceased the operation of the Money Lending Business with effect from September 2021.

As the business operation of the Money Lending Business was considered as a separate major line of business segment of the Group, it was accounted for as a discontinued operation of the Group from the year ended 31 December, 2021.

On 14 December, 2023, the Group entered into a sale and purchase agreement to dispose of a wholly-owned subsidiary, Major Worldwide Holdings Limited (“**Major Worldwide**”) which held the entire interest in AP Finance. The disposal was effected in order to generate cash flows for the expansion of the Group's other businesses. The disposal was completed on 14 December, 2023, on which date control of Major Worldwide passed to the acquirer.

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
(a) Results of discontinued operation:		
Revenue	–	–
Other income, net	80	166
Gain on disposal of subsidiaries, net	3,785	–
Reversal of impairment loss on loans and interest receivables	228	–
Other administrative expenses	(1,044)	(90)
	<hr/>	<hr/>
Profit from operations	3,049	76
Finance costs	–	–
	<hr/>	<hr/>
Profit before taxation	3,049	76
Income tax	–	–
	<hr/>	<hr/>
Profit for the year	<u>3,049</u>	<u>76</u>
(b) Profit for the year from discontinued operation is arrived at after charging/(crediting):		
Auditor's remuneration	–	–
Gain on disposal of subsidiaries, net	(3,785)	–
Reversal of impairment loss on loans and interest receivables	(228)	–
	<hr/>	<hr/>
(c) Cash flows from discontinued operation:		
Net cash used in operating activities, net	(7)	(16)
Net cash generated from investing activities	5,700	–
Net cash used in financing activities	–	(70)
	<hr/>	<hr/>
	<u>5,693</u>	<u>(86)</u>

8. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic (loss) or earning per share is based on the following loss or profit attributable to owners of the Company and the weighted average number of ordinary shares in issue during the year.

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i> (Restated)
(Loss)/profit for the year attributable to owners of the Company		
– From continuing operations	(11,591)	(21,945)
– From discontinued operation	3,049	76
	(8,542)	(21,869)
	2023 <i>Number of</i> <i>shares</i> <i>'000</i>	2022 <i>Number of</i> <i>shares</i> <i>'000</i>
Weighted average number of ordinary shares in issue during the year	1,272,640	1,272,640

(b) Diluted loss per share

The diluted loss per share for the years ended 31 December 2023 and 2022 is the same as the basic loss per share as there were no potential ordinary shares in issue.

9. TRADE AND OTHER RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Gross amount of trade receivables	6,535	5,757
Less: loss allowance	(3,958)	(3,891)
	2,577	1,866
Deposits and other receivables	545	2,257
Prepayments	2,383	3,455
	5,505	7,578

All of the Group's trade and other receivables, apart from certain deposits and prepayments of HK\$222,000 (2022: HK\$18,000), are expected to be recovered or recognised as expenses within one year.

A deposit was paid in 2020 to a supplier for development of mobile games and applications amounting to approximately HK\$1,969,000 for use in the Group's mobile games and application services. The management of the Company had issued demand notes and recovery procedures against the supplier but failed to recover the deposit and determined the amount could not be recovered. Accordingly, the directors of the Company have written off the amount of HK\$1,969,000 (2022: nil) in the year ended 31 December 2023.

The prepayments include HK\$1,085,000 (2022: HK\$2,104,000) for hardware procurement, licenses and testing fees.

Ageing analysis

As of the end of the reporting period, the ageing analysis of trade receivables, based on the invoice date and net of loss allowance, is as follows:

	2023 HK\$'000	2022 <i>HK\$'000</i>
Within 1 month	987	1,136
More than 1 but less than 3 months	988	660
More than 3 but less than 6 months	331	–
More than 6 but less than 12 months	271	70
More than 12 months	–	–
	<u>2,577</u>	<u>1,866</u>

10. LOANS AND INTEREST RECEIVABLES

The Group's loans and interest receivables as at 31 December 2022 arose from the Money Lending Business which has been classified as discontinued operation in September 2021 as a result of the Group's decision to cease the operation. Further details on the discontinued operation are set out in note 7.

During the year ended 31 December 2023, the balances were derecognised upon the completion of disposal of subsidiaries. Under the terms set out in the disposal agreement, a loan receivable of principle amount of HK\$3,841,000 was assigned from AP Finance to the Group upon the completion of the disposal.

	2023			2022		
	Loan Portion HK\$'000	Interest Portion HK\$'000	Total HK\$'000	Loan Portion HK\$'000	Interest Portion HK\$'000	Total HK\$'000
Loans secured by mortgage	–	–	–	5,000	298	5,298
Personal guaranteed loans	–	–	–	47,300	4,589	51,889
Unsecured loans	3,841	–	3,841	42,018	5,343	47,361
	<u>3,841</u>	<u>–</u>	<u>3,841</u>	<u>94,318</u>	<u>10,230</u>	<u>104,548</u>
Less: loss allowance	<u>(3,841)</u>	<u>–</u>	<u>(3,841)</u>	<u>(89,410)</u>	<u>(10,230)</u>	<u>(99,640)</u>
	<u>–</u>	<u>–</u>	<u>–</u>	<u>4,908</u>	<u>–</u>	<u>4,908</u>

Loans receivable were interest free (2022: 10.0% to 58.9% per annum) and repayable on maturity dates under the terms in contractual agreements or on demand in writing by the Group.

Ageing analysis of the carrying amount, prepared based on contractual due date, is as follows:

	2023			2022		
	Loan Portion <i>HK\$'000</i>	Interest Portion <i>HK\$'000</i>	Total <i>HK\$'000</i>	Loan Portion <i>HK\$'000</i>	Interest Portion <i>HK\$'000</i>	Total <i>HK\$'000</i>
Current (not past due)	-	-	-	-	-	-
Less than 3 months past due	-	-	-	-	-	-
3 to 6 months past due	-	-	-	-	-	-
Over 6 months past due	-	-	-	4,908	-	4,908
	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,908</u>	<u>-</u>	<u>4,908</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,908</u>	<u>-</u>	<u>4,908</u>

The credit quality of loans and interest receivables that are neither past due nor impaired was assessed by reference to historical information about counterparties' default rates.

11. OTHER PAYABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Other payables	<u>846</u>	<u>2,154</u>

All other payables are expected to be settled within one year or repayable on demand.

12. INTEREST-BEARING BORROWINGS

The interest-bearing borrowings are repayable within one year or on demand (including those with repayable on demand clause).

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loan from a third party	<u>790</u>	<u>3,808</u>

The maturity of interest-bearing borrowings, based on the scheduled repayment dates set out in the loan agreements, is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 1 year	790	3,808
After 1 year but within 2 years	–	–
After 2 years but within 5 years	–	–
More than 5 years	–	–
	<u>790</u>	<u>3,808</u>

The interest-bearing borrowings at 31 December 2023 were unsecured.

13. AMOUNT DUE TO A DIRECTOR

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Amount due to a director	<u>2,852</u>	<u>–</u>

The amount due to a director, who is also a shareholder with 29.07% shareholding interest in the Company, is unsecured, non-interest bearing and without fixed repayment terms.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is the extract of the independent auditor's report from the external auditor of the Company:

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material Uncertainty Related to Going Concern

We draw attention to note 2(b) of the consolidated financial statements, which stated that the Group incurred a net loss of HK\$9,335,000 and reported a net cash outflow of HK\$4,898,000 from operating activities for the year ended 31 December 2023, and as at 31 December 2023, the Group's net current liabilities and total current liabilities amounted to HK\$3,183,000 and HK\$11,886,000 respectively while its total cash and cash equivalents amounted to HK\$3,198,000. These conditions, along with other matters as set forth in note 2(b) to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2023 (the “**Year**”), the Group recorded a total revenue of approximately HK\$24,493,000, representing an increase of approximately HK\$3,057,000 or 14.3% as compared with that of approximately HK\$21,436,000 in 2022. The revenue of the Group was derived from continuing operations, being the developing and marketing of the patented server-based technology and the provision of communications software platform, software related services and the custom-made software development services (the “**Software Platform Business**”) and the game publishing, development of mobile game and related intellectual property and platform, mobile application and data solutions and provision of IT related solutions (the “**Mobile Games and Applications Business**”). The digital marketing and software development businesses in the People’s Republic of China was still at the initial stage and did not contribute any revenue to the Group during the Year.

The increment in the Group’s revenue was attributed by the increase in segment revenue from the Software Platform Business by approximately HK\$3,057,000, which recorded a segment revenue of approximately HK\$24,493,000 for the Year as compared with that of approximately HK\$21,436,000 in 2022. The increase in the segment revenue from the Software Platform Business was mainly due to more sales orders from existing and new customers.

The obsolescence of the current mobile games and the postponement of its mobile game development plan as a result of the reassessment of the Group’s strategy led to the segment revenue from the Mobile Games and Applications Business to be nil for the Year (2022: nil).

Cost of Sales

For the Year, the cost of sales of the Group amounted to approximately HK\$8,851,000 (2022: approximately HK\$8,736,000), which represented an increase of approximately HK\$115,000 or 1.3%, mainly due to the increase in subcontracting costs.

Gross Profit

As a result of the aforementioned increase in the total revenue and cost of sales, gross profit of the Group for the Year increased by approximately HK\$2,942,000 or 23.2% to approximately HK\$15,642,000 (2022: approximately HK\$12,700,000).

Administrative and other operating expenses

The administrative and other operating expenses of the Group for the Year increased by approximately HK\$6,640,000 or 38.3% amounted to approximately HK\$23,998,000 (2022: approximately HK\$17,358,000), which comprised of administrative expenses, research and development expenses and selling and distribution expenses. The increase in overall expenses was mainly due to the increase in staff costs and professional fees, and write-off of deposits and other receivables of approximately HK\$2 million for the Year.

Finance Costs

Finance costs was approximately HK\$890,000 for the Year (2022: approximately HK\$274,000), which mainly comprised of interest on borrowing from a third party and interest on lease liabilities. The increase in finance cost was mainly due to the increase in interest on borrowing.

Discontinued operation

Money lending business was discontinued during the year ended 31 December 2021 and was disposed of to an independent third party on 14 December 2023 in order to generate cash flows for the expansion of the Group's other businesses. Profit for the Year from discontinued operation was approximately HK\$3,049,000 compared with profit of approximately HK\$76,000 in 2022, mainly due to the gain on disposal of subsidiaries in the Year.

Loss for the Year

The consolidated net loss attributable to owners of the Company for the Year from continuing operations amounted to approximately HK\$11,591,000, compared with approximately HK\$21,495,000 in 2022. The change in results was mainly due to (i) the increase in gross profit as a result of the increase in revenue of the Software Platform Business; (ii) the significant decrease in the impairment loss on goodwill; and (iii) partly set off by the increase in administrative and other operating expenses, and finance cost, and impairment loss on right-of-use assets.

DIVIDEND

The board of Directors (the "**Board**") does not recommend the payment of any final dividend for the year ended 31 December 2023 (2022: Nil).

BUSINESS REVIEW AND PROSPECT

For the Year, the Group continued to focus on two principal businesses, they are (i) Software Platform Business and (ii) Mobile Games and Applications Business.

Software Platform Business

During the Year, with the lifting of COVID-19 related quarantine measures, life gradually returned to normal, and our project progress gradually returned to normal. In addition, the Hong Kong Government promulgated the Hong Kong Innovation and Technology Development Blueprint at the end of 2022 and is determined to allocate resources for developing Hong Kong into an international information and technology centre, which are reflected in both the Chief Executive 2023 Policy Address and the 2023-24 Budget. As a result, the Group's business has been positively impacted by the gradual recovery of the economy and the increased investment in technology by the Hong Kong government, which is considered as the major customer of the Company.

The Software Platform Business performed satisfactorily and achieved the increase of the segment revenue by approximately 14.3% (2022: approximately 6.1%), and accounted for 100% (2022: 100%) of the Group's total revenue for the Year. Facing the competition in the fiercely competitive and ever-changing market, the Group will continue to put in enough resources to meet the increasingly innovative industry standards for customer's demand.

Mobile Games and Applications Business

The Group has never planned to cease to develop and publish its own mobile game. The postponement of its previous mobile game development plan is only the result of the reassessment of the Group's strategy.

Discontinued Operation

The Directors, upon their appointment, had reviewed the operation of the Money Lending Business and obtained relevant documents to assess its performance. The Directors had performed all necessary measures to recover the outstanding loans including but not limited to (i) concluding settlement plans with debtors; (ii) issuing demand letters; (iii) engaging external debt collector; and (iv) taking legal proceedings. On 14 December 2023, the Money Lending Business was disposed of to an independent third party in order to generate cash flows for the expansion of the Group's other businesses. The Board shall take all necessary measures to protect the interest of the Company and the shareholders of the Company as a whole.

OUTLOOK

The information technology (“IT”) market in Hong Kong has been experiencing robust growth. Despite the Hong Kong economy fluctuates in the past decade, according to Census and Statistics Department, the real gross domestic product of information and communications sector, as adjusted for inflation, has been experiencing year-on-year growth for 15 consecutive years, increasing from approximately HK\$66.2 million in 2008 to approximately HK\$101.0 million in 2023. Fueled by small and medium enterprises (“SMEs”) rapidly adopting advanced IT solutions, it enhances operational efficiency and spurs growth through resources management software that strengthens customer engagement and loyalty. SMEs leverage IT services to streamline operations, driving increased IT investments.

However, facing the conditions in the fiercely competitive and ever-changing market, the Group will continue to put in enough resources to meet the increasingly innovative industry standards for customer's demand. In navigating the post-pandemic landscape, the Company's strategy concentrates on expanding in high-growth sectors while maintaining presence in slower-growth areas.

Further, the surge in Big Data adoption is a pivotal trend in Hong Kong's IT landscape. Enterprises utilize Big Data analytics to refine production and sales strategies, aiding expansion into global markets. Startups also harness analytics to help established companies with data-driven decision-making, optimizing efficiency and enhancing consumer experiences. This growing Big Data reliance underpins the market's expansion.

The newly launched advertising e-commerce platform is well-positioned to benefit from these IT market dynamics in Hong Kong. It strategically enables SMEs to expand their reach and efficiency in advertising. By providing a centralized digital marketplace, the platform can potentially lower marketing costs and increase rate of return for SMEs through targeted advertising and analytics. Aligning with current IT trends, the platform could also offer innovative data-driven advertising solutions, tapping into the widespread use of data analytics and AI to enhance ad relevance and engagement. This aligns with digital transformation, giving SMEs a resilient and forward-thinking advertising channel amid the evolving economic climate.

Financial Resource and Liquidity

The Group's main business operations and investments are in Hong Kong. At 31 December 2023, the Group had cash and cash equivalents of approximately HK\$3,198,000 (2022: approximately HK\$4,445,000). Most of the cash and cash equivalents are denominated in Hong Kong dollars. The Group will closely monitor exchange rate movement and will take appropriate activities to reduce the exchange risk.

Gearing Ratio

At 31 December 2023, total assets of the Group were approximately HK\$8,703,000 (2022: approximately HK\$19,570,000) whereas total liabilities were approximately HK\$13,264,000 (2022: approximately HK\$14,796,000). The gearing ratio of the Group, calculated as total liabilities over total assets, was approximately 152.4% (2022: approximately 75.6%) and the current ratio, calculated as current assets over current liabilities, was approximately 0.73 (2022: approximately 0.86). The Directors will continue to take measures to further improve the liquidity and gearing position of the Group.

Material Acquisition, Disposal and Significant Investment

During the year ended 31 December 2023, the Group disposed of 100% of a wholly-owned subsidiary, Major Worldwide Holdings Limited, at the consideration of HK\$6 million, to an independent third party, resulting in a gain of approximately HK\$3.8 million.

Other than the above-mentioned disposal, the Group did not have any other material acquisition, disposal and significant investment during the year ended 31 December 2023.

Capital Structure

As at 31 December 2023, the authorised share capital of the Company was HK\$120,000,000 divided into 3,000,000,000 shares of HK\$0.04 each, of which 1,272,640,000 ordinary shares were in issue and fully paid.

Funding and Treasury Policies

The Group consistently adopts a conservative treasury policy during its development and generally finances its operations and business development with internally generated resources and equity and/or debt financing activities in order to maintain a healthy liquidity position. To manage liquidity risk, the Board closely monitors the financial position of the Group to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements from time to time.

Foreign Exchange Exposure

The Directors consider that the Group had no material foreign exchange exposure.

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 31 December 2023.

Employees and Remuneration Policies

As at 31 December 2023, the Group had 55 employees (2022: 52 employees) in Hong Kong and the PRC. The staff costs (including directors' remuneration) were approximately HK\$18,074,000 for the year ended 31 December 2023 (2022: approximately HK\$17,438,000).

The Group's remuneration policy is revised periodically and determined by reference to market terms, company performance, individual qualifications and performance, and in accordance with the statutory requirements of the respective jurisdiction where the employees are employed.

EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, on 9 February 2024, the Board of Directors proposed:

- (A) a Capital Reorganisation involving (i) the Share Consolidation whereby every ten (10) issued and unissued Existing Shares of par value of HK\$0.04 each will be consolidated into one (1) Consolidated Share of par value of HK\$0.4 each; (ii) the Capital Reduction whereby (a) any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation will be cancelled, and (b) the par value of each issued Consolidated Share will be reduced from HK\$0.4 to HK\$0.01 by cancelling the paid-up capital to the extent of HK\$0.39 on each issued Consolidated Share; (iii) the Share Subdivision whereby immediately following the Capital Reduction, each of the authorised but unissued Consolidated Shares of par value of HK\$0.4 each will be subdivided into 40 Adjusted Shares of par value of HK\$0.01 each; and (iv) the credit arising from the Capital Reduction will be applied towards offsetting the Accumulated Losses. The balance of the credit (if any) after offsetting the Accumulated Losses will be transferred to a distributable reserve account of the Company which may be applied by the Company in any manner as permitted by all applicable laws and the Memorandum and Articles and as the Board considers appropriate. Each of the Adjusted Shares arising from the Capital Reorganisation shall rank pari passu in all respects with each other in accordance with the Memorandum and Articles.
- (B) subject to the Capital Reorganisation becoming effective, to implement the Rights Issue on the basis of two (2) Rights Shares for every one (1) Adjusted Share held on the Record Date at the Subscription Price of HK\$0.12 per Rights Share, to raise up to approximately HK\$30.54 million before expenses by way of the rights issuing up to 254,528,000 Rights Shares.

Details of the above Capital Reorganization and Rights Issue are set forth in the announcements dated 9 February 2024, 14 February 2024, and 14 March 2024.

As at the date of approved for issuance of the consolidated financial statements, the Capital Reorganisation and Rights Issue have not yet been effected.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the year ended 31 December 2023, the Company had adopted a code of conduct regarding securities transactions (the “**Securities Dealing Code**”) by Directors on terms no less exacting than the required standard of dealings set out in rules 5.48 to 5.67 of the GEM Listing Rules. The Company had also made specific enquiry of all Directors and the Company was not aware of any non-compliance with the required standard of dealings and its Securities Dealing Code.

The Securities Dealing Code also applies to all relevant employees of the Company who are likely to be in possession of inside information of the Company. No incident of non-compliance of the Securities Dealing Code by the relevant employees was noted by the Company.

CORPORATE GOVERNANCE CODE

The Company is committed to maintain corporate governance of high standards and quality procedures. The Company has put in place governance practices with emphasis on the integrity to shareholders and quality of disclosure, transparency and accountability to shareholders for the sake of maximising returns to shareholders.

The Company has complied with the code provisions set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 15 to the GEM Listing Rules throughout the Year except the CG Code provisions A.2.1.

The chairman is responsible for the leadership of the Board, ensuring its effectiveness in all aspects of its role for setting its agenda and taking into account any matters proposed by other directors for inclusion in the agenda while the chief executive officer (the “**CEO**”) is responsible for the day-to-day management of the Group’s business.

Under the Code provision A.2.1 of the CG Code, the roles of chairman and CEO should be separate and should not be performed by the same individual.

The Company does not have a CEO. The role of CEO is currently shared by the executive directors, who are collectively responsible for management of the business operations of the Group. The Board is of the view that the balance of power and authority is ensured by the operation of the Board, which comprises experienced individuals who will from time to time discuss issues affecting operations of the Company and the Group. This arrangement can still enable the Company to make and implement decisions promptly, and thus achieve the Company’s objectives efficiently and effectively. The Company will, at the time when it thinks fit, arrange for new appointment of the CEO.

REVIEW OF CONSOLIDATED ANNUAL RESULTS BY THE AUDIT COMMITTEE

The audit committee of the Company (“**Audit Committee**”) consists of three members, namely Mr. Tai Chin Ho (formerly known as Mr. Tai Man Tai) (as the chairman), Ms. Lam Yuen Man Maria and Mr. Fu Yan Ming, all being independent non-executive Directors.

The Audit Committee has reviewed the audited consolidated financial statements and the annual results of the Group for the year ended 31 December 2023.

SCOPE OF WORK OF THE INDEPENDENT AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in this preliminary results announcement have been agreed by the Company's auditor to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by the Company's auditors, Fan Chan & Co. Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no opinion or assurance conclusion has been expressed by the Company's auditor on this preliminary results announcement.

By Order of the Board of
Wuxi Life International Holdings Group Limited
Liu Guanzhou
Chairman

Hong Kong, 28 March 2024

As at the date of this announcement, the Board comprises the following Directors:

Executive Directors:

Mr. Liu Guanzhou (*Chairman*)

Ms. Liu Xingmei

Mr. Choi Pun Lap

Non-executive Director:

Ms. Li Hui Ling

Independent non-executive Directors:

Mr. Tai Chin Ho (formerly known as Mr. Tai Man Tai)

Ms. Lam Yuen Man Maria

Mr. Fu Yan Ming

This announcement will remain on the "Latest Listed Company Announcements" page of the Stock Exchange's website at www.hkex.com.hk for at least 7 days from the date of its publication and on the website of the Company at www.wuxilife.com.hk.