
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in Wuxi Life International Holdings Group Limited, you should at once hand this circular together with the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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This circular appears for information only and does not constitute an invitation or offer to Shareholders or any other persons to acquire, purchase, or subscribe for securities of the Company.



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)

- (1) PROPOSED CAPITAL REORGANISATION;
(2) PROPOSED RIGHTS ISSUE ON THE BASIS OF TWO (2) RIGHTS
SHARES FOR EVERY ONE (1) ADJUSTED SHARE HELD ON
THE RECORD DATE ON A NON-UNDERWRITTEN BASIS;
AND
(3) NOTICE OF EGM**

Financial Adviser to the Company



英皇企業融資
Emperor Corporate Finance

Independent Financial Adviser to the Independent Board Committee

ALTUS CAPITAL LIMITED

A letter from the Board is set out on pages 10 to 32 of this circular and a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 33 to 34 of this circular. A letter from the Independent Financial Adviser containing its recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 35 to 56 of this circular.

A notice convening the EGM to be held at Portion 2, 12/F., The Center, 99 Queen's Road Central, Hong Kong at 11:00 a.m. on Thursday, 2 May 2024 is set out on pages EGM-1 to EGM-5 of this circular. Whether you are able to attend the EGM or not, you are requested to complete the enclosed proxy form in accordance with the instructions printed on it and return the completed proxy form to the Hong Kong branch share registrar and transfer office of the Company, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event so that it is received at least 48 hours before the time appointed (i.e. by 11:00 a.m. on Tuesday, 30 April 2024) for the EGM or adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM, or any adjournment thereof (as the case may be), should you so wish.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares and is subject to the fulfilment of conditions. Please refer to the section headed "Letter from the Board – Conditions of the Rights Issue" in this circular. In the event that the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders together with the Rights Shares not provisionally allotted to the Non-Qualifying Shareholders and aggregated fractions of Rights Shares will be made available for excess application under the EAFs. There is no minimum subscription level or minimum amount to be raised under the Rights Issue.

9 April 2024

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate small and mid-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 mid-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.

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DEFINITIONS

In this Circular, unless the context otherwise requires, the following terms shall have the following meaning:

“Accumulated Losses”	the accumulated losses of the Company
“Adjusted Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company immediately upon the Capital Reorganisation becoming effective
“Altus” or “Independent Financial Adviser”	Altus Capital Limited, a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue and the transactions contemplated thereunder
“Announcement”	the announcement of the Company dated 9 February 2024 in relation to, among other things, the Capital Reorganisation and the Rights Issue
“associates”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day(s) (excluding Saturday, Sunday and any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business
“Capital Reduction”	the proposed reduction of the issued share capital of the Company whereby: (i) any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation shall be cancelled; and (ii) the par value of each issued Consolidated Share will be reduced from HK\$0.4 to HK\$0.01 by cancelling the paid up share capital of the Company to the extent of HK\$0.39 on each issued Consolidated Share

DEFINITIONS

“Capital Reorganisation”	the proposed capital reorganisation involving the Share Consolidation, the Capital Reduction, the Share Subdivision
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies Act”	the Companies Act, Cap. 22 (Law 3 of 1961), of the Cayman Islands as consolidated and revised
“Company”	Wuxi Life International Holdings Group Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on GEM of the Stock Exchange
“connected person”	has the meaning ascribed to it under the GEM Listing Rules
“Consolidated Share(s)”	ordinary share(s) of HK\$0.4 each in the share capital of the Company immediately upon the Share Consolidation becoming effective but prior to the Capital Reduction and the Share Subdivision becoming effective
“controlling shareholder”	has the same meaning ascribed thereto under the GEM Listing Rules
“Court”	the Grand Court of the Cayman Islands
“Director(s)”	the director(s) of the Company
“EAF”	the excess application form(s) to be issued to the Qualifying Shareholders to apply for excess Rights Shares
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider and, if thought fit, approve the Capital Reorganisation and the Rights Issue
“Existing Share(s)”	ordinary share(s) of HK\$0.04 each in the share capital of the Company, prior to the Capital Reorganisation becoming effective
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM

DEFINITIONS

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HKSCC”	the Hong Kong Securities Clearing Company Limited
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors
“Independent Shareholders”	Shareholder(s) excluding Mr. Liu and other than those that are required under the GEM Listing Rules to abstain from voting in favour of the resolution(s) to approve the Rights Issue and the transactions contemplated thereunder to be proposed at the EGM
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and the connected persons of the Company in accordance with the GEM Listing Rules
“Last Trading Day”	9 February 2024, being the last full trading day of the Existing Shares on the Stock Exchange prior to the release of the Announcement
“Latest Lodging Date”	4:30 p.m. on Monday, 24 June 2024, being the latest time for lodging transfer of Shares in order to be qualified for the Rights Issue
“Latest Practicable Date”	3 April 2024, being latest practicable date prior to the publication of this circular for ascertaining certain information herein
“Latest Time for Acceptance”	4:00 p.m. on Wednesday, 17 July 2024, or such other time and date as the Company may determine, being the latest time and date for acceptance of and payment for the Rights Shares and application for and payment for excess Rights Shares

DEFINITIONS

“Memorandum and Articles”	the memorandum and articles of association of the Company, as amended from time to time
“Mr. Liu”	Mr. Liu Guanzhou (劉冠州), a substantial Shareholder of the Company who is beneficially interested in 29.07% of the issued Shares as at the Latest Practicable Date
“Non-Qualifying Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, based on legal opinions provided by the Company’s legal advisers, consider it necessary or expedient not to offer the Rights Shares to such Shareholders on account either of restrictions under the laws of the relevant place or the requirements of a relevant regulatory body or stock exchange in that place
“Overseas Shareholder(s)”	Shareholders with registered addresses (as shown in the register of members of the Company on the Record Date) which are outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) in respect of the Rights Issue proposed to be issued to the Qualifying Shareholders
“Prospectus”	the prospectus to be despatched to the Shareholders by the Company containing details of the proposed Rights Issue
“Prospectus Documents”	the Prospectus, the PAL and the EAF to be issued by the Company
“Prospectus Posting Date”	Wednesday, 3 July 2024, or such other date as the Company may determine, for the despatch of the Prospectus Documents
“Qualifying Shareholder(s)”	Shareholder(s) who(se) name(s) appear(s) on the register of members of the Company on the Record Date, other than the Non-Qualifying Shareholder(s)
“Record Date”	Tuesday, 2 July 2024, or such other date as the Company may determine, being the date by reference to which entitlements of the Shareholders to participate in the Rights Issue will be determined
“Registrar”	the Hong Kong branch share registrar and transfer office of the Company, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong

DEFINITIONS

“Rights Issue”	the proposed issue by way of rights on the basis of two (2) Rights Shares for every one (1) Adjusted Share held by the Qualifying Shareholders on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Prospectus Documents
“Rights Share(s)”	up to 254,528,000 Shares proposed to be allotted and issued by the Company for subscription pursuant to the Rights Issue
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the Existing Share(s), the Consolidated Share(s) and/or the Adjusted Share(s), as the case may be
“Share Consolidation”	the proposed consolidation of every ten (10) issued and unissued Existing Shares of par value of HK\$0.04 each into one (1) Consolidated Share of par value of HK\$0.4 each
“Shareholder(s)”	the holder(s) of the Share(s)
“Share Subdivision”	the proposed subdivision of each of the authorised but unissued Consolidated Shares of HK\$0.4 each into forty (40) authorised but unissued Adjusted Shares of HK\$0.01 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.12 per Rights Share
“substantial shareholder”	has the meaning ascribed to it under the GEM Listing Rule
“Takeovers Code”	Codes on Takeovers and Mergers
“%”	per cent.

EXPECTED TIMETABLE

All times stated in this circular refer to Hong Kong times and dates. Any changes to the anticipated timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate.

Events	Date (2024) Hong Kong time
Latest time for lodging transfer documents of the Shares to qualify for attendance and voting at the EGM	4:30 p.m. on Wednesday, 24 April
Closure of register of members of the Company for determining the identity of the Shareholders entitled to attend and vote at the EGM (both dates inclusive)	Thursday, 25 April to Thursday, 2 May
Latest time for lodging proxy forms for the EGM	11:00 a.m. on Tuesday, 30 April
Record date for attendance and voting at the EGM	Thursday, 2 May
Expected date and time of the EGM to approve the proposed Capital Reorganisation and Rights Issue	11:00 a.m. on Thursday, 2 May
Announcement of the poll results of the EGM.	Thursday, 2 May
Register of members of the Company re-opens	Friday, 3 May
<p>The following events are conditional on the fulfilment of the conditions relating to the implementation of the Capital Reorganisation and the Rights Issue and therefore the dates are tentative only:</p>	
Effective date of the Capital Reorganisation	Thursday, 20 June
Commencement of dealings in the Adjusted Shares	9:00 a.m. on Thursday, 20 June
Original counter for trading in Existing Shares in board lot of 20,000 Existing Shares (in the form of existing share certificates) temporarily closes	9:00 a.m. on Thursday, 20 June

EXPECTED TIMETABLE

Temporary counter for trading in the Adjusted Shares in board lot of 2,000 Adjusted Shares (in the form of existing share certificates) opens	9:00 a.m. on Thursday, 20 June
First day of free exchange of existing share certificates for new share certificates for Adjusted Shares.	Thursday, 20 June
Last day of dealings in the Adjusted Shares on a cum-right basis relating to the Rights Issue	Thursday, 20 June
First day of dealings in the Adjusted Shares on an ex-right basis relating to the Rights Issue.	Friday, 21 June
Latest time for the Shareholders to lodge transfer documents of Adjusted Shares in order to be qualified for the Rights Issue	4:30 p.m. on Monday, 24 June
Closure of register of members to determine the entitlements to the Rights Issue (both dates inclusive)	Tuesday, 25 June to Tuesday, 2 July
Record date for the Rights Issue	Tuesday, 2 July
Expected despatch date of the Prospectus Documents (including the PAL, the EAF and Prospectus), and in case of the Non-Qualifying Shareholders, the Prospectus only.	Wednesday, 3 July
Register of members of the Company re-opens	Wednesday, 3 July
First day of dealings in nil-paid Rights Shares	Friday, 5 July
Original counter for trading in the Adjusted Shares in board lot of 20,000 Adjusted Shares (in the form of new share certificates) reopens	Friday, 5 July
Parallel trading in the Adjusted Shares (in the form of both existing share certificates in board lots of 2,000 Adjusted Shares and new share certificates in board lots of 20,000 Adjusted Shares) commences	Friday, 5 July

EXPECTED TIMETABLE

Designated broker starts to stand in the market to provide matching services for odd lot of the Adjusted Shares	Friday, 5 July
Latest time for splitting the PAL	4:30 p.m. on Tuesday, 9 July
Last day of dealings in nil-paid Rights Shares	Friday, 12 July
Latest time for acceptance of and payment for the Rights Shares and application of excess Rights Shares	4:00 p.m. on Wednesday, 17 July
Announcement of results of the Rights Issue	Wednesday, 24 July
Despatch of share certificates for fully-paid Rights Shares and refund cheques in relation to wholly or partially unsuccessful applications for excess Rights Shares	Thursday, 25 July
Designated broker ceases to provide matching services for odd lot of the Adjusted Shares	4:00 p.m. on Thursday, 25 July
Temporary counter for trading in the Adjusted Shares in board lot of 2,000 Adjusted Shares (in the form of existing share certificates) closes	4:10 p.m. on Thursday, 25 July
Parallel trading in the Adjusted Shares (in the form of both existing share certificates in board lots of 2,000 Adjusted Shares and new share certificates in board lots of 20,000 Adjusted Shares) ends	4:10 p.m. on Thursday, 25 July
Commencement of dealings in fully-paid Rights Shares	Friday, 26 July
Last day for free exchange of existing share certificates for new share certificates for the Adjusted Shares	Monday, 29 July

EXPECTED TIMETABLE

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES

The latest time for acceptance of and payment for the Rights Shares will not take place if there is a tropical cyclone warning signal no. 8 or above or “extreme conditions” caused by super typhoons is announced by the Government of Hong Kong, or a “black” rainstorm warning:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Wednesday, 17 July 2024. Instead, the latest time for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Wednesday, 17 July 2024. Instead, the latest time for acceptance of and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance of and payment for the Rights Shares does not take place on the currently scheduled date, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event.

LETTER FROM THE BOARD



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)

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

Registered office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Head office and principal place of
business in Hong Kong:*

Room H, 2/F

Manson Industrial Building

8 A Kung Ngam Village Lane

Shaueiwan, Hong Kong

9 April 2024

To the Shareholders

Dear Sir or Madam,

**(1) PROPOSED CAPITAL REORGANISATION;
(2) PROPOSED RIGHTS ISSUE ON THE BASIS OF TWO (2) RIGHTS
SHARES FOR EVERY ONE (1) ADJUSTED SHARE HELD ON
THE RECORD DATE ON A NON-UNDERWRITTEN BASIS;
AND
(3) NOTICE OF EGM**

INTRODUCTION

References are made to the announcements of the Company dated 9 February 2024, 14 February 2024 and 14 March 2024 in relation to, among other matters, the Capital Reorganisation and the Rights Issue.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, (i) further details of the Capital Reorganisation and the Rights Issue; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Rights Issue; and (iv) a notice convening the EGM.

PROPOSED CAPITAL REORGANISATION

The Board proposes the Capital Reorganisation to be implemented in the following manner:

- (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 Share of par value of HK\$0.4 each will be sub-divided 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.

Effect of the Capital Reorganisation

As at the Latest Practicable Date, the authorised share capital of the Company is HK\$120,000,000 comprising 3,000,000,000 Existing Shares of par value of HK\$0.04 each, of which 1,272,640,000 Existing Shares have been issued and fully paid or credited as fully paid. Immediately following the Capital Reorganisation, the authorised share capital of the Company will be HK\$120,000,000 divided into 12,000,000,000 Adjusted Shares of par value of HK\$0.01 each, and the aggregate nominal value of the issued share capital of the Company will be approximately HK\$1,272,640 (assuming that no further Existing Shares are issued or repurchased from the Latest Practicable Date until the effective date of the Capital Reorganisation). Based on the number of the Existing Shares in issue as at the Latest Practicable Date, a credit of approximately HK\$49,632,960 will arise as a result of the Capital Reduction.

LETTER FROM THE BOARD

Assuming no Existing Shares are issued or repurchased from the Latest Practicable Date, the share capital structure of the Company will be as follows:

	As at the Latest Practicable Date	Immediately after the Capital Reorganisation becoming effective
Authorised share capital	HK\$120,000,000	HK\$120,000,000
Par value per share	HK\$0.04	HK\$0.01
Number of authorised shares	3,000,000,000	12,000,000,000
Amount of issued share capital	HK\$50,905,600	HK\$1,272,640
Number of issued shares	1,272,640,000	127,264,000
Amount of unissued share capital	HK\$69,094,400	HK\$118,727,360
Number of unissued shares	1,727,360,000	11,872,736,000

Note: The above share capital structure of the Company is for illustration purpose only.

The Adjusted Shares in issue immediately following the Capital Reorganisation becoming effective will rank *pari passu* in all respects with each other and the Capital Reorganisation will not result in any change in the relative rights of the Shareholders, save for any fractional Adjusted Shares which may arise. No fractional Adjusted Shares will be issued by the Company. Any fractional entitlements of Adjusted Shares arising from the Share Consolidation, if any, will be cancelled. Shareholders concerned about losing out on any fractional entitlement are recommended to consult their licensed securities dealer, bank manager, solicitor, professional accountant or other professional advisor and may wish to consider the possibility of buying or selling Existing Shares in a number sufficient to make up an entitlement to receive a whole number of Adjusted Shares.

Other than the expenses to be incurred in relation to the Capital Reorganisation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Group.

Conditions of the Capital Reorganisation

The Capital Reorganisation is conditional upon:

- (i) the passing of the necessary resolution(s) by the Shareholders approving the Capital Reorganisation at the EGM;
- (ii) an order being made by the Court confirming the Capital Reduction (if applicable);

LETTER FROM THE BOARD

- (iii) compliance with any terms and conditions which the Court may impose in relation to the Capital Reduction (if applicable);
- (iv) registration by the Registrar of Companies in the Cayman Islands of a copy of the order of the Court confirming the Capital Reduction (if applicable) and the minute containing the particulars required by the Companies Act with respect to the Capital Reduction; and
- (v) the Stock Exchange granting the listing of, and permission to deal in, the Adjusted Shares in issue and to be issued upon the Capital Reorganisation becoming effective.

The Capital Reorganisation will become effective when the conditions mentioned above are fulfilled. Upon the approval by the Shareholders of the Capital Reorganisation at the EGM, the legal advisers to the Company (as to the Cayman Islands law) will apply to the Court for hearing date(s) to confirm the Capital Reduction (if applicable) and a further announcement will be made by the Company as soon as practicable after the Court hearing date(s) is confirmed (if applicable).

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

Odd lots arrangements and matching services

In order to alleviate the difficulties arising from the existence of odd lots of the Adjusted Shares arising from the Capital Reorganisation, the Company has appointed Emperor Securities Limited as agent to provide matching service, on a best efforts basis, to those Shareholders who wish to top up or sell their holding of odd lots of the Adjusted Shares. Shareholders who wish to take advantage of this facility should contact Mr. Leung Shiu Keung of Emperor Securities Limited at 23rd to 24th Floor, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong or at telephone number (852) 2919 2919 from 9:00 a.m. on Friday, 5 July 2024 to 4:00 p.m. on Thursday, 25 July 2024.

Holders of odd lots of the Adjusted Shares should note that successful matching of the sale and purchase of odd lots of the Adjusted Shares are not warranted. Any Shareholder who is in any doubt about the odd lots arrangements is recommended to consult his/her/its own professional advisers.

LETTER FROM THE BOARD

Exchange of share certificates

Subject to the Capital Reorganisation having become effective, Shareholders may, on or after Thursday, 20 June 2024 and until Monday, 29 July 2024 (both days inclusive), submit the existing share certificates for the Existing Shares to the Registrar in Hong Kong, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, in exchange, at the expense of the Company, for new share certificates for the Adjusted Shares. Thereafter, existing share certificates for Existing Shares will continue to be good evidence of legal title and may be exchanged for new share certificates for Adjusted Shares at the expense of the Shareholders on payment of a fee of HK\$2.50 (or such higher amount as may be allowed by the Stock Exchange from time to time) for each existing share certificate cancelled or each new share certificate issued for Adjusted Shares (whichever is higher) but are not acceptable for trading, settlement and registration.

The new share certificates for the Adjusted Shares will be issued in yellow colour in order to distinguish them from the existing red colour.

Listing and dealings

Application will be made to the Stock Exchange for the granting of the listing of, and permission to deal in, the Adjusted Shares arising from the Capital Reorganisation and all necessary arrangements will be made for the Adjusted Shares to be admitted into CCASS.

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

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

LETTER FROM THE BOARD

Reasons for the Capital Reorganisation

Under Rule 17.76 of the GEM Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the issuer may be required either to change the trading method or to proceed with a consolidation or splitting of its securities. Further, the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 1 October 2020 has further stated that (i) market price of the shares at a level less than HK\$0.1 each will be considered as trading at extremity as referred to Rule 17.76 of the GEM Listing Rules; and (ii) taking into account the minimum transaction costs for a securities trade, the expected board lot value should be greater than HK\$2,000.00.

In view of the fact that the share price of the Company has been trading at a price below HK\$0.1 continuously for the past six months, and the closing price of the Existing Shares as at the Latest Practicable Date was HK\$0.02 per Share. The values of each existing board lot of 20,000 Existing Shares ranged from HK\$300 to HK\$1,740 during the period from 10 August 2023, being six months immediately preceding the Last Trading Day, to the Last Trading Day, which were less than HK\$2,000. Based on the above, the Board proposed to implement the Capital Reorganisation. Upon the completion of the Capital Reorganisation, the theoretical price of each Adjusted Share, based on the closing price of HK\$0.02 per Share on the Latest Practicable Date, would be HK\$0.20 per Adjusted Share and HK\$4,000 per board lot of 20,000 Adjusted Shares with the view to complying with the trading requirements under the GEM Listing Rules.

The Directors consider that the Capital Reorganisation will bring about a corresponding upward adjustment in the trading price per Adjusted Share on the Stock Exchange. Furthermore, the Capital Reorganisation would reduce the overall transaction and handling costs of dealings in the Shares as a proportion of the market value of each board lot, since most of the banks/securities houses will charge a minimum transaction cost for each securities trade.

Under the Companies Act and the Memorandum and Articles, the Company may not issue Shares at a discount to the nominal value of such Shares. The Company would not be able to issue the Rights Shares at the Subscription Price which is below par value without conducting the Capital Reorganisation. In order to facilitate possible fund raising activities in the future, it is necessary to implement the Capital Reorganisation to lower the par value of the Shares, giving greater flexibility to the Company to issue new Shares in the future.

Immediately after completion of the Share Consolidation but before implementation of the Capital Reduction and the Share Subdivision, the nominal value of the Consolidated Shares will be HK\$0.40 per Consolidated Share. The Capital Reduction and the Share Subdivision will keep the nominal value of the Adjusted Shares at a lower level of HK\$0.01 per Adjusted Share, which allows greater flexibility in the pricing for any issue of new Shares in the future.

LETTER FROM THE BOARD

The credit arising from the Capital Reduction will enable the Company to set off its 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. It will give greater flexibility to the Company to declare dividends and/or to undertake any corporate exercise which requires the use of distributable reserves in the future, subject to the Company's performance and when the Board considers that it is appropriate to do so in the future.

As at the Latest Practicable Date, the Company has no intention to carry out other corporate actions in the next 12 months which may have an effect of undermining or negating the intended purpose of the Share Consolidation, and the Company does not have any concrete plan to conduct any fund-raising activities, save for the Rights Issue, in the next 12 months. However, if there shall arise any change of the Group's current circumstances and existing business plans and that the net proceeds from the Rights Issue may not satisfy such upcoming financing needs, the Board does not rule out the possibility that the Company may conduct further equity fund-raising exercises to support such future developments of the Group. The Company will make further announcement(s) in this regard in accordance with the GEM Listing Rules as and when appropriate.

In view of the above reasons, the Board considers that the Capital Reorganisation is beneficial to and in the interests of the Company and the Shareholders as a whole.

PROPOSED RIGHTS ISSUE

The Company proposes, 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 (assuming no change in the issued share capital of the Company on or before the Record Date, and all the Qualifying Shareholders taking up their respective allotment of Rights Shares in full) by way of the rights issuing up to 254,528,000 Rights Shares (assuming as aforesaid) to the Qualifying Shareholders.

Issue statistics

Basis of the Rights Issue	: two (2) Rights Shares for every one (1) Adjusted Share held on the Record Date
Subscription Price	: HK\$0.12 per Rights Share (after the Capital Reorganisation has become effective)
Number of Existing Shares in issue at the Latest Practicable Date	: 1,272,640,000 Existing Shares

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Number of Adjusted Shares in issue upon the Capital Reorganisation becoming effective	:	127,264,000 Adjusted Shares (assuming no change in the number of Shares in issue on or before the date on which the Capital Reorganisation became effective)
Number of Rights Shares	:	(Assuming the Capital Reorganisation has become effective and no further issue of Shares or repurchase of Shares on or before the Record Date) up to 254,528,000 Rights Shares, representing 200% of the Company's issued number of Adjusted Shares as at the Latest Practicable Date and approximately 66.67% of the enlarged issued share capital of the Company upon completion of the Rights Issue.
Gross proceeds and net proceeds	:	Assuming no change in the issued share capital of the Company on or before the Record Date, and all the Qualifying Shareholders taking up their respective allotment of Rights Shares in full: Gross proceeds: up to approximately HK\$30.54 million Net proceeds (after deducting the estimated expenses): up to approximately HK\$28.74 million
Aggregate nominal value of the Rights Shares	:	up to approximately HK\$2,545,280

As at the Latest Practicable Date, the Company has no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

Non-underwritten basis

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of provisionally allotted Rights Shares. In the event that the provisional allotments for the Rights Issue are not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders together with the Rights Shares not provisionally allotted to the Non-Qualifying Shareholders will be made available for excess application under the EAFs. There is no minimum subscription level or minimum amount to be raised under the Rights Issue. There is no applicable statutory requirements regarding minimum subscription levels in respect of the Rights Issue.

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As the Rights Issue is not underwritten and has not set a minimum subscription amount, a Shareholder who applies to take up all or part of his/her/its entitlement under the PAL and/or excess Rights Shares under the EAF may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code or cause the public float of the Company to decrease to below 25%. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder for his/her/its assured entitlement under the Rights Issue or excess Rights Shares under the EAF may be scaled down to a level which (a) does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance to the note to Rule 10.26(2) of the GEM Listing Rules; and (b) does not cause the Company's public float to decrease to below 25%. Shares subject to scale down will be available for application as excess Rights Shares to other Qualifying Shareholders, any subscription monies not utilized due to the scaled-down application of entitled Rights Shares or excess Rights Shares will be refunded to the affected applicants.

Accordingly, if the Rights Issue is undersubscribed, the size of the Rights Issue will be reduced. Qualifying Shareholders who do not take up their assured entitlements in full and Non-Qualifying Shareholders, if any, should note that their shareholdings in the Company may be diluted, the extent of which will depend in part on the size of the Rights Issue.

Subscription Price

The Subscription Price is HK\$0.12 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents (assuming the Capital Reorganisation has become effective as at the Latest Practicable Date):

- (i) a discount of 20.0% to the theoretical closing price of HK\$0.15 per Adjusted Share (after taking into account the effect of the Capital Reorganisation) based on the closing price of HK\$0.015 per Existing Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of 40.0% to the theoretical closing price of HK\$0.20 per Adjusted Share (after taking into account the effect of the Capital Reorganisation) based on the closing price of HK\$0.02 per Existing Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (iii) a discount of approximately 25.93% to the theoretical benchmarked price of HK\$0.162 per Adjusted Share (after taking into account the effect of the Capital Reorganisation) based on the benchmarked price of HK\$0.0162 per Existing Share (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the closing price on the Last Trading Day of HK\$0.015 per Existing Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five (5) previous consecutive trading days prior to the Latest Practicable Date of approximately HK\$0.0162 per Existing Share);

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- (iv) a discount of approximately 10.45% to the theoretical ex-rights price of approximately HK\$0.134 per Adjusted Share (after taking into account the effect of the Capital Reorganisation) based on the theoretical benchmarked price of HK\$0.162 per Adjusted Share;
- (v) a premium of approximately 380.0% over the net asset value of the Company of approximately HK\$0.025 per Adjusted Share based on the unaudited net asset value of the Company of approximately HK\$3,175,000 as at 30 June 2023 as disclosed in the interim report of the Company for the six months ended 30 June 2023 and 127,264,000 Adjusted Shares assuming the Capital Reorganisation has become effective; and
- (vi) a theoretical dilution effect (as defined under the GEM Listing Rules) represented by a discount of approximately 17.28% of the theoretical ex-rights price of HK\$0.134 per Adjusted Share (after taking into account the effect of the Capital Reorganisation) to the theoretical benchmarked price of HK\$0.162 per Adjusted Share.

The Subscription Price was determined by the Board with reference to (i) the market price of the Shares under the prevailing market conditions, where the closing price of the Shares demonstrated an overall downward trend during the six months prior to the Last Trading Day from HK\$0.086 per Existing Share on 10 August 2023 to HK\$0.015 per Existing Share on the Last Trading Day with an average daily trading volume amounting to approximately 0.1% of the total issued Shares as at the Last Trading Day, which indicated a lack of liquidity and demand for the Shares; (ii) the latest business performance and financial position of the Group and in particular, as at 31 December 2023, the current assets of the Company amounted to approximately HK\$8.7 million and the Company recorded a net current liabilities of approximately HK\$3.2 million; and (iii) the reasons for and benefits of proposed Rights Issue as discussed in the section headed “Reasons for and benefits of the Rights Issue and intended use of proceeds” in this circular. Each Qualifying Shareholder will be entitled to subscribe for the Rights Shares at the same Subscription Price in proportion to his/her/its shareholding held on the Record Date.

It is a common market practice that, in order to enhance the attractiveness of rights issue to participants which includes existing shareholders, the subscription price would be set at a discount to the prevailing market prices of the relevant shares. Despite the Subscription Price is below the theoretical closing prices of the Adjusted Share at all times during the six months immediately prior to the Last Trading Day, with an aim to maximize the fund raised and in view of the overall downward trend on the closing price of the Shares during the past six months, the Directors are of the view that the Subscription Price, which represents a discount of approximately 20.0% to the theoretical closing price per Adjusted Share on the Last Trading Day, would attract the Shareholders to participate in the Rights Issue and accordingly maintain

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their pro-rata shareholding in the Company and participate in the future growth of the Group. In light of the above, and having considered the financial position and business prospect of the Company, the Directors are of the view that Subscription Price is fair and reasonable.

The Rights Issue would result in a theoretical dilution effect of approximately 17.28%. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 10.44A of the GEM Listing Rules.

After taking into consideration the reasons for the Rights Issue as stated in the section headed “Reasons for and benefits of the Rights Issue and intended use of proceeds” in this circular, the Directors (excluding the members of the Independent Board Committee whose recommendation are included in the “Letter from the Independent Board Committee” of this circular) consider that, the terms of the proposed Rights Issue, including the Subscription Price, are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

Conditions of the Rights Issue

The Rights Issue is conditional upon each of the following conditions being fulfilled:

- (i) the passing by more than 50% of the votes cast by the Independent Shareholders by way of poll of all necessary resolutions to be proposed at the EGM for the transactions contemplated under the Rights Issue to be effective in compliance with the GEM Listing Rules, including but not limited to approving, confirming and/or ratifying the Rights Issue, including the allotment and issue of the Rights Shares in their nil-paid and fully paid forms, details of the resolutions are set out in the accompanying notice of EGM;
- (ii) the Capital Reorganisation becoming effective;
- (iii) the delivery of the Prospectus Documents to the Stock Exchange and the issue by the Stock Exchange on or before the Prospectus Posting Date of a certificate authorising registration of the Prospectus Documents with the Registrar of Companies in Hong Kong;
- (iv) following registration, the posting of the Prospectus Documents to the Qualifying Shareholders and the Prospectus only (without the PAL and the EAF) to the Non-Qualifying Shareholder for their information only and the publication of the Prospectus on the website of the Stock Exchange on or before the Prospectus Posting Date;

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- (v) the grant of listing of the Rights Shares (in both nil-paid and fully paid forms) by the Stock Exchange (either unconditionally or subject only to the allotment and despatch of the share certificates in respect thereof) and the grant of permission to deal in the nil-paid Rights Shares and the fully-paid Rights Shares by the Stock Exchange (and such permission and listing not subsequently having been withdrawn or revoked); and
- (vi) all other necessary waivers, consent and approvals (if required) from the relevant governmental or regulatory authorities for the Rights Issue and the transaction contemplated thereunder having been obtained and fulfilled.

None of the above conditions precedent can be waived. If any of the above conditions are not satisfied at or before 5:00 p.m. on 31 December 2024 (or such later date as the Company may determine), the Rights Issue will not proceed. As at the Latest Practicable Date, none of the above conditions has been fulfilled.

The Rights Issue is subject to the fulfilment of conditions including the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. If the conditions to the Rights Issue are not fulfilled, the Rights Issue will not proceed.

Qualifying Shareholders

To qualify for the Rights Issue, a Shareholder must be registered as a Shareholder at the close of business on the Record Date and not be a Non-Qualifying Shareholder.

In order to be registered as Shareholder at the close of business on the Record Date, all transfers of the Adjusted Shares (together with the relevant share certificate(s) and/or instrument(s) of transfer) must be lodged with the Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, by 4:30 p.m. on Monday, 24 June 2024.

It is expected that the last day of dealings in the Adjusted Shares on a cum-rights basis is Thursday, 20 June 2024, and the Adjusted Shares will be dealt with on an ex-rights basis from Friday, 21 June 2024.

Subject to the Capital Reorganisation becoming effective and the registration of the Prospectus Documents in accordance with the applicable laws and regulations, the Company will despatch the Prospectus Documents to the Qualifying Shareholders on the Prospectus Posting Date and will despatch the Prospectus only (without the PAL and the EAF) to the Non-Qualifying Shareholder for their information only.

Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Non-Qualifying Shareholders should note that their shareholdings in the Company will be diluted.

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Rights of Overseas Shareholders (if any)

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below.

As at the Latest Practicable Date, the Company has 3 Overseas Shareholders with registered addresses situated in the People's Republic of China and the British Virgin Islands with the following shareholding structure:

Jurisdiction	Number of Overseas Shareholder(s)	Aggregated number of Shares held by Overseas Shareholder(s) in the jurisdiction	Approx. % of the issued share capital of the Company (Note)
People's Republic of China	2	22,979,999	1.81
British Virgin Islands	<u>1</u>	<u>1,500,570</u>	<u>0.12</u>
Total	<u>3</u>	<u>24,480,569</u>	<u>1.92</u>

Note: The percentage figures have been subject to rounding adjustment. Any discrepancies between totals and sums of amount listed herein are due to rounding adjustment.

In compliance with Rule 17.41(1) of the GEM Listing Rules, the Company will make enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders (if any). If, based on legal opinions, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the relevant place(s) or the requirements of the relevant regulatory body or stock exchange in that (those) place(s), the Rights Issue will not be extended to such Overseas Shareholders.

The Company will continue to ascertain whether there are any Overseas Shareholders on the Record Date and will, if necessary, make enquiries with legal adviser(s) in other overseas jurisdiction(s) regarding the feasibility of extending the Rights Issue to such other Overseas Shareholders registered as a member of the Company on the Record Date and make relevant disclosures in the Prospectus.

The Company will despatch the Prospectus (without the PAL and the EAF) to the Non-Qualifying Shareholders for their information only on the Prospectus Posting Date.

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Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders to be sold in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, will be paid pro rata (but rounded down to the nearest cent) to the Non-Qualifying Shareholders in Hong Kong dollars, except that the Company will retain individual amounts of less than HK\$100 for its own benefit. Any unsold entitlements of the Non-Qualifying Shareholders will be made available for excess application by the Qualifying Shareholders.

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue, subject to the results of enquiries made by the Directors pursuant to Rule 17.41(1) of the GEM Listing Rules. Accordingly, Overseas Shareholders should exercise caution when dealing in the securities of the Company.

Closure of register of members

The register of members of the Company will be closed from Tuesday, 25 June 2024 to Tuesday, 2 July 2024 (both days inclusive) for determining the Shareholders' entitlements to the Rights Issue. No transfer of the Adjusted Shares will be registered during the above book closure periods.

Basis of provisional allotment

The basis of the provisional allotment shall be two (2) Rights Shares for every one (1) Adjusted Share in issue and held by the Qualifying Shareholders at the close of business on the Record Date at the Subscription Price payable in full on acceptance and otherwise on the terms and subject to the conditions set out in the Prospectus Documents.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by lodging a duly completed PAL and a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

Fractional entitlements to the Rights Shares

On the basis of two (2) Rights Shares for every one (1) Adjusted Share held on the Record Date, no fractional entitlement will arise under the Rights Issue.

Status of the Rights Shares

The Rights Shares, when allotted and issued, shall rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment of the Rights Shares in their fully-paid form.

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Application for excess Rights Shares

Qualifying Shareholders shall be entitled to apply, by way of excess application, for (i) the Rights Shares representing the entitlement of the Non-Qualifying Shareholders which cannot be sold at a net premium; and (ii) any Rights Shares provisionally allotted but not validly accepted by the Qualifying Shareholders or transferees of nil-paid Rights Shares. Applications for the excess Rights Shares may be made by completing the EAF and lodging the same with a separate remittance for the excess Rights Shares being applied for with the Registrar by the Latest Time for Acceptance.

The Board will allocate the excess Rights Shares at its discretion, but on a fair and equitable basis as far as practicable on the following principles:

- (i) no preference will be given to applications for topping-up odd-lot holdings to whole lot holdings as the giving of such preference may potentially be abused by certain investors by splitting their Shares and thereby receiving more Rights Shares than they would receive if such preference is not given, which is an unintended and undesirable result;
- (ii) the excess Rights Shares will be allocated to the applicants on a pro rata basis based on the number of excess Rights Shares applied for by them. No reference will be made to Rights Shares subscribed through PALs, or the number of Shares held by the Qualifying Shareholders; and
- (iii) if the aggregate number of Rights Shares not taken up by the Qualifying Shareholders and/or transferees of nil-paid Rights Shares under the PALs is greater than the aggregate number of excess Rights Shares applied for through the EAFs, excess Rights Shares will be allocated in full in accordance with the EAFs to each Qualifying Shareholder who applies for excess Rights Shares.

Qualifying Shareholders who wish to apply for excess Rights Shares in addition to their provisional allotments must complete both the PAL and the EAF.

Beneficial owners of Shares whose Shares are held by a nominee company (including HKSCC Nominees Limited) should note that for the purpose of the Rights Issue, the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, the beneficial owners of Shares whose Shares are registered in name of nominee companies should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to beneficial owners individually and are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

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For those beneficial owners of Shares whose Shares are held by their nominee(s) (including HKSCC Nominees Limited) and who would like to have their names registered on the register of members of the Company, they must lodge all necessary documents with the Registrar in Hong Kong, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for completion of the relevant registration not later than 4:30 p.m. (Hong Kong time) on Monday, 24 June 2024.

A Shareholder who applies to take up all or part of his/her/its entitlement under the PAL and/or excess Rights Shares under the EAF may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code or cause the public float of the Company to decrease to below 25%. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder for his/her/its assured entitlement under the Rights Issue or excess Rights Shares under the EAF may be scaled down to a level which (a) does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance to the note to Rule 10.26(2) of the GEM Listing Rules; and (b) does not cause the Company's public float to decrease to below 25%. Shares subject to scale down will be available for application as excess Rights Shares to other Qualifying Shareholders, any subscription monies not utilized due to scaled-down application of entitled Rights Shares or excess Rights Shares will be refunded to the affected applicants.

Share certificates and refund cheques for the Rights Issue

Subject to the fulfilment of the conditions of the Rights Issue, certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on or before Thursday, 25 July 2024.

Refund cheques in respect of wholly or partially unsuccessful applications for Rights Shares and excess Rights Shares, or if the Rights Issue does not proceed, are expected to be despatched on or before Thursday, 25 July 2024 to the applicants without interest to their registered addresses by ordinary post at their own risks.

Application for listing of the Rights Shares

The Company will apply to the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares in the board lot of size of 20,000 Rights Shares, in both their nil-paid and fully-paid forms.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement dates of the dealings in the Rights Shares in both their nil-paid and fully-paid forms or such other dates as may be determined by HKSCC.

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Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Dealing in the Rights Shares in both their nil-paid and fully-paid forms which are registered in the register of members of the Company in Hong Kong will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

None of the Existing Shares are and no part of the equity or debt securities of the Company is listed or dealt in on any other stock exchange other than the Stock Exchange, the Rights Shares will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

Taxation

Shareholders are advised to consult their professional advisers if they are in any doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the Rights Shares and, regarding the Non-Qualifying Shareholders, their receipt of the net proceeds, if any, from sale of the nil-paid Rights Shares on their behalf.

REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND INTENDED USE OF PROCEEDS

The Group is principally engaged in (i) developing and marketing of patented server based technology and the provision of communications software platform and software related services; and (ii) game publishing, development of mobile game and related intellectual property and platform, mobile applications and data solutions and provision of IT related solutions. The gross proceeds from the Rights Issue are expected to be up to approximately HK\$30.54 million (assuming the Capital Reorganisation has become effective and no further issue of Shares or repurchase of Shares no or before the Record Date and all the Qualifying Shareholders taking up their respective allotment of Rights Shares in full).

The Board had considered fund raising by debt financing, however it would create additional interest burden on and result in a higher gearing ratio of the Group, especially with recent global interest rate hikes; and subject the Group to repayment obligations which are less beneficial to the Group. In view of this, the Board has avoided raising funds via debt financing on this occasion.

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Equity fund raising, such as the placing of new Shares, would be relatively small as compared to a rights issue and it would not allow the Qualifying Shareholders to participate in the fund raising exercise and their respective shareholdings in the Company would be diluted without an equal opportunity to maintain their proportionate interests in the Company.

In comparison, the Rights Issue is pre-emptive in nature, allowing Qualifying Shareholders to maintain their respective pro-rata shareholding through their participation in the Rights Issue. Pursuant to the Rights Issue, the Qualifying Shareholders may (a) increase their respective interests in the shareholding of the Company by acquiring additional rights entitlement in the open market or by applying for excess Right Shares under the EAF (subject to availability); or (b) reduce their respective interests in the shareholding of the Company by disposing of their rights entitlements in the open market (subject to market demand). The Board considers that the Rights Issue effected on a pro-rata basis gives all the Qualifying Shareholders an equal opportunity to participate in the enlargement of the capital base of the Company, whereas an open offer does not provide Shareholders with the same opportunity to increase or decrease their respective interests in the shareholding of the Company as described above. As such, the Board considered an open offer to be less favourable to the Shareholders and did not pursue it. The Board considers it is prudent and preferable to finance the long-term growth of the Group in the form of equity fund raising which will not increase the Group's financing costs. In addition, the Board believes that the Rights Issue will enable the Group to strengthen its capital base and enhance its financial position for future strategic investments as and when such opportunities arise. As at the Latest Practicable Date, the Group has not identified any strategic investment opportunities. The Company will inform the Shareholders and make announcement(s) in accordance with the GEM Listing Rules as and when appropriate in the event that any strategic investment opportunities is crystallised.

As a result of the Group's strategic reassessment in the mobile games and applications segment, the Company chose to postpone the development of mobile games and applications for a certain period. However, recognising the growing significance of advertising e-commerce, the Company decided to launch its own advertising e-commerce platform which targets active online shoppers with personalized advertisements. The advertising e-commerce platform “紫紅盒子” has been launched in late 2023 which is a combination of social media and sales channel which aim to develop an interactive application to foster franchising and brand development. The Company currently has 36 employees working for the platform. The platform provides a tailored product recommendations and incentives in the form of advertising rewards or discounts. The Company believes that by capitalising on the precise marketing capabilities and the potential for increased profitability, the advertising e-commerce platform will contribute significantly to its overall business growth and success. Nevertheless, the Group has never planned to cease to develop and publish its own mobile game. The management of the Company will continuously assess the Group's strategy and allocate its resources to maintain a sustainable growth. The Group will continue to focus on its two principal business, namely software platform business and mobile games and applications business, while diversifying its revenue stream by developing the advertising e-commerce platform.

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The advertising e-commerce platform generates revenue primarily from price differences between purchase and retail prices of products sold, as well as slotting fees from brand owners. The platform incentivizes customers to earn loyalty points by making purchases and engaging in activities like watching advertisements, short dramas, and mini-games. These activities leverage the Company's expertise in developing successful mobile games, as both utilize similar mobile app development processes.

Given typically low user retention rates for mobile games, the Directors believe that focusing the platform on lifestyle, cosmetic, and female-focused products aligned with market trends and consumer behaviour to build sustainable revenue streams. The e-commerce market for lifestyle and cosmetics is rapidly expanding due to higher demand for quality and customized online shopping experiences for women.

By offering curated content and products tailored to the target demographic's values and interests, the platform is uniquely positioned to capitalize on this market opportunity. Thorough big data analysis tracks user behaviour patterns to adjust strategies as needed. The platform adopts data-driven marketing, leveraging analytics to optimize customer engagement and retention. The Group regularly analyses core customer preferences to enhance advertising effectiveness.

As of the Latest Practicable Date, the Company is negotiating with potential partners to aid with platform development, but has not yet formed any strategic partnerships.

The estimated net proceeds from the issuance are approximately HK\$28.74 million which will be allocated to the further development and expansion of the advertising e-commerce platform already launched by the Group as follows:

- (i) HK\$5.0 million will be used for the further development and optimisation of the advertising e-commerce platform and the mobile applications. This includes procurement of necessary hardware, software licenses, and the integration of advanced tracking and data analytics capabilities. The Company is aiming to establish a robust foundation that supports targeted advertising and maximizes user engagement. As at the Latest Practicable Date, the Group expects to utilise such proceeds by the end of 2024;
- (ii) HK\$15.0 million will be used for marketing and user acquisition strategies. Following the publication of the mobile application of the advertising e-commerce platform, the Company will launch a series of digital marketing campaigns, social media promotions, and partnerships with key influencers to drive traffic and grow the user base. The marketing initiatives are planned to be rolled out in stages, correlating with the platform development milestones to ensure maximum impact and efficient use of resources. As at the Latest Practicable Date, the Group expects to utilise such proceeds by the end of the first half of 2025;

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- (iii) HK\$5.0 million will be used for operational costs associated with the platform, including server hosting, maintenance, and customer support. These operational expenses are crucial for the seamless performance of the platform and to ensure high availability and reliability, which are essential for user retention and trust. The allocation will be spread over the financial year to maintain consistent quality of service. As at the Latest Practicable Date, the Group expects to utilise such proceeds by the end of the first quarter of 2025;
- (iv) HK\$2.0 million will be used for forming strategic partnerships and business development. This includes forming alliances with e-commerce vendors, advertisers, and other platforms to create a diverse and dynamic marketplace. As at the Latest Practicable Date, the Group expects to utilise such proceeds by the end of 2025; and
- (v) the remaining net proceeds of approximately HK\$1.7 million will be used as general working capital of the Group, such as payment of rental expenses and remuneration of employees of the Group. As at the Latest Practicable Date, the Group expects to utilise such proceeds by the end of first quarter of 2025.

The Rights Issue will proceed irrespective of the level of acceptance of provisionally allotted Rights Shares. In the event that there is an under-subscription of the Rights Issue, the net proceeds of the Rights Issue will be allocated and utilised in accordance with the same proportion to the above uses.

The estimated net subscription price per Rights Share after deducting the related expenses of the Rights Issue is expected to be approximately HK\$0.1129.

The Board considers that the Rights Issue will provide an opportunity to raise capital for the Company to accommodate the funding need for development of the Group whilst increasing the capital base and financial position of the Company and give the Qualifying Shareholders equal opportunity to maintain their respective pro-rata shareholding interests in the Company. Hence, the Board considers that fund raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole. However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Non-Qualifying Shareholders should note that their shareholdings will be diluted.

LETTER FROM THE BOARD

SHAREHOLDING STRUCTURE OF THE COMPANY

Sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately upon the Capital Reorganisation becoming effective; and (iii) immediately upon completion of the Rights Issue:

Name of Shareholder	As at the Latest Practicable Date		Immediately upon the Capital Reorganisation becoming effective		Immediately after completion of the Rights Issue (assuming full acceptance of the Rights Shares by all Qualifying Shareholders and no excess Rights Shares taken up)	
	Number of		Number of		Number of	
	Existing Shares	Approx. %	Adjusted Shares	Approx. %	Adjusted Shares	Approx. %
Mr. Liu Guanzhou ^{Note}	370,000,000	29.07	37,000,000	29.07	111,000,000	29.07
Mr. Zhang Dong	143,565,955	11.28	14,356,595	11.28	43,069,785	11.28
Other public Shareholders	<u>759,074,045</u>	<u>59.65</u>	<u>75,907,405</u>	<u>59.65</u>	<u>227,722,215</u>	<u>59.65</u>
Total	<u><u>1,272,640,000</u></u>	<u><u>100.00</u></u>	<u><u>127,264,000</u></u>	<u><u>100.00</u></u>	<u><u>381,792,000</u></u>	<u><u>100.00</u></u>

Note: Mr. Liu Guanzhou is the chairman of the Board and an executive director of the Company. He is interested in 370,000,000 Existing Shares of the Company as at the Latest Practicable Date.

FUND RAISING EXERCISE OF THE COMPANY IN THE PAST 12 MONTHS

The Company has not conducted any fund-raising activities involving issue of securities in the past 12 months immediately preceding the Latest Practicable Date.

GEM LISTING RULES IMPLICATION

Capital Reorganisation

The Capital Reorganisation is conditional upon the approval by the Shareholders by way of poll at the EGM. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as none of the Shareholders or their associates would have any interest in the Capital Reorganisation, no Shareholder would be required to abstain from voting on the resolution(s) relating to the Capital Reorganisation at the EGM.

LETTER FROM THE BOARD

Rights Issue

As the Rights Issue, if proceeded with, will increase the issued share capital of the Company by more than 50%, the Rights Issue is subject to approval of the Independent Shareholders at the EGM by a resolution on which any controlling Shareholders and their respective associates or, where there are no controlling Shareholders, the Directors (excluding the independent nonexecutive Directors) and the chief executive of the Company, and their respective associates shall abstain from voting in favour of the Rights Issue under Rule 10.29(1) of the GEM Listing Rules. Since there is no controlling shareholder, Mr. Liu shall abstain from voting in favour of the resolutions to approve the Rights Issue and the transactions contemplated thereunder at the EGM. As at the Latest Practicable Date, save for Mr. Liu, none of the Directors or chief executives of the Company had any interests in the Shares.

As at the Latest Practicable Date, the Company has not received any irrevocable commitments or undertakings from any Shareholders to accept or reject the Rights Shares or to vote for or against the Rights Issue.

EGM

The register of members of the Company will be closed from Thursday, 25 April 2024 to Thursday, 2 May 2024 (both days inclusive) for determining the identity of the Shareholders entitled to attend and vote at the EGM.

The EGM will be convened and held for the purpose of considering and, if thought fit, the Capital Reorganisation and the Rights Issue. A notice convening the EGM to be held at 11:00 a.m. on Thursday, 2 May 2024 at Portion 2, 12/F., The Center, 99 Queen's Road Central, Hong Kong is enclosed with this circular.

A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the meeting in person, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Hong Kong branch share registrar and transfer office of the Company, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed (i.e. by 11:00 a.m. on Tuesday, 30 April 2024) for holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

Subject to the approval of the Rights Issue by the Independent Shareholders at the EGM and the Capital Reorganisation becoming effective, the Prospectus Documents will be despatched to the Qualifying Shareholders on or before Wednesday, 3 July 2024 whereas the Prospectus will be despatched to the Non-Qualifying Shareholders, if any, for information only.

LETTER FROM THE BOARD

RECOMMENDATION

The Independent Board Committee has been formed to advise the Independent Shareholders in connection with the Rights Issue. Altus has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

You are advised to read carefully the letter of recommendation from the Independent Board Committee set out on pages 33 to 34 of this circular and the letter of advice from Altus set out on pages 35 to 56 of this circular. The Independent Board Committee, having taken into account the advice of Altus, considers that the terms of the Rights Issue are fair and reasonable so far as the Independent Shareholders are concerned and the Rights Issue is in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the proposed resolution approving the Rights Issue at the EGM.

Further, the Directors consider that the Capital Reorganisation and the Rights Issue are in the interests of the Company and the Shareholders as a whole, therefore, the Directors recommend the Shareholders to vote in favour of the resolution to approve the Capital Reorganisation and the Rights Issue at the EGM.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in Appendices I to III to this circular.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter of recommendation, prepared for the purpose of incorporation in this circular, from the Independent Board Committee to the Independent Shareholders regarding the Rights Issue.



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)

9 April 2024

To the Independent Shareholders

Dear Sir or Madam,

**PROPOSED RIGHTS ISSUE ON THE BASIS OF
TWO (2) RIGHTS SHARES
FOR EVERY ONE (1) ADJUSTED SHARE HELD ON
THE RECORD DATE ON A NON-UNDERWRITTEN BASIS**

We refer to the circular dated 9 April 2024 (the “**Circular**”) of the Company of which this letter forms part. Unless the context requires otherwise, terms defined in the Circular shall have the same meanings when used herein.

We have been appointed by the Board to advise the Independent Shareholders as to whether the terms of Rights Issue are fair and reasonable insofar as the Independent Shareholders are concerned and whether the Rights Issue is in the interests of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote. Altus has been appointed as the independent financial advisor to advise you and us in this respect.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the advice and recommendation of Altus as set out in its letter of advice to the Independent Shareholders and us on pages 35 to 56 of the Circular, we consider that the terms of the Rights Issue are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned. Furthermore, the Rights Issue is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the EGM to approve the Rights Issue and the transactions contemplated thereunder.

Yours faithfully,

For and on behalf of
the Independent Board Committee

Mr. Tai Chin Ho

Ms. Lam Yuen Man Maria

Mr. Fu Yan Ming

Independent non-executive Directors

LETTER FROM ALTUS

The following is the text of a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue, which has been prepared for the purpose of incorporation in the Circular.

ALTUS

Altus Capital Limited
21 Wing Wo Street
Central
Hong Kong

9 April 2024

*To the Independent Board Committee and
the Independent Shareholders*

Wuxi Life International Holdings Group Limited

Room H, 2/F
Manson Industrial Building
8, A Kung Ngam Village Lane
Shaueiwan, Hong Kong

Dear Sir and Madam,

**PROPOSED RIGHTS ISSUE ON THE BASIS OF TWO (2) RIGHTS
SHARES FOR EVERY ONE (1) ADJUSTED SHARE HELD ON
THE RECORD DATE ON A NON-UNDERWRITTEN BASIS**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue, details of which are set out in the “Letter from the Board” contained in the circular of the Company dated 9 April 2024 (the “**Circular**”). Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

On 9 February 2024, the Company announced that it proposes, 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 (assuming no change in the issued share capital of the Company on or before the Record Date, and all the Qualifying Shareholders taking up their respective allotment of Rights Shares in full) by way of the rights issuing up to 254,528,000 Rights Shares (assuming as aforesaid) to the Qualifying Shareholders. The net proceeds from the Rights Issue (after deducting the estimated

LETTER FROM ALTUS

expenses) are estimated to be approximately HK\$28.74 million (assuming no change in the issued share capital of the Company on or before the Record Date and all the Qualifying Shareholders taking up their respective allotment of Rights Shares in full).

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of provisionally allotted Rights Shares. There is no minimum subscription level or minimum amount to be raised under the Rights Issue.

GEM LISTING RULES IMPLICATIONS

As the Rights Issue, if proceeded with, will increase the issued share capital of the Company by more than 50%, the Rights Issue is subject to approval of the Independent Shareholders at the EGM by a resolution on which any controlling Shareholders and their respective associates or, where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company, and their respective associates shall abstain from voting in favour of the Rights Issue under Rule 10.29(1) of the GEM Listing Rules.

The Company has no controlling shareholder. Mr. Liu shall abstain from voting in favour of the resolution to approve the Rights Issue and the transactions contemplated thereunder at the EGM. As at the Latest Practicable Date, save for Mr. Liu, none of the Directors or chief executives of the Company had any interests in the Shares.

THE INDEPENDENT BOARD COMMITTEE

An Independent Board Committee comprising all independent non-executive Directors, namely Mr. Tai Chin Ho, Ms. Lam Yuen Man Maria and Mr. Fu Yan Ming, has been established to advise the Independent Shareholders as to (i) whether the terms of the Rights Issue are fair and reasonable; (ii) whether the Rights Issue is in the interests of the Company and the Shareholders as a whole; and (iii) how to vote on the resolution at the EGM in relation to the Rights Issue, taking into account the recommendation of the Independent Financial Adviser.

THE INDEPENDENT FINANCIAL ADVISER

As the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders on (i) whether the terms of the Rights Issue are fair and reasonable; (ii) whether the Rights Issue is in the interests of the Company and the Shareholders as a whole; and (iii) how to vote on the resolution at the EGM in relation to the Rights Issue.

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We have not acted as an independent financial adviser or financial adviser for other transactions of the Company in the last two years prior to the date of the Circular. Pursuant to Rule 17.96 of the GEM Listing Rules, and given that remuneration for our engagement to opine on the Rights Issue is at market level and not conditional upon successful passing of the resolution, and that our engagement is on normal commercial terms, we are independent of the Company.

BASIS OF OUR ADVICE

In formulating our opinion, we have reviewed, amongst others, (i) the annual report of the Company for the year ended 31 December 2022 (the “**2022 Annual Report**”); (ii) the annual results announcement of the Company for the year ended 31 December 2023 (the “**2023 Annual Results Announcement**”); and (iii) other information contained or referred to in the Circular.

We have also relied on the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us by the Company, the Directors and the management of the Group (the “**Management**”). We have assumed that all the statements, information, opinions and representations for matters relating to the Group contained or referred to in the Circular and/or provided to us by the Company, the Directors and the Management were reasonably made after due and careful enquiry and were true, accurate and complete at the time they were made and continued to be so as at the date of the Circular.

We have no reason to believe that any of such statements, information, opinions or representations are untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render them untrue, inaccurate or misleading.

We consider that we have been provided with, and have reviewed, sufficient information to reach an informed view and provide a reasonable basis for our opinion. We have not, however, conducted an independent investigation into the business, financial conditions and affairs or future prospects of the Group.

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PRINCIPAL FACTORS AND REASONS CONSIDERED

1. Background information of the Group

The Group is principally engaged in (i) developing and marketing of patented server based technology and the provision of communications software platform and software related services (the “**Software Platform Business**”); and (ii) game publishing, development of mobile game and related intellectual property and platform, mobile applications and data solutions and provision of IT related solutions (the “**Mobile Games and Applications Business**”).

1.1 Financial information of the Group

Set out below is a summary of key financial information of the Group extracted from the 2022 Annual Report and 2023 Annual Results Announcement.

Consolidated statement of profit or loss

	For the year ended 31 December 2023 (“FY2023”) (audited) HK\$’000	For the year ended 31 December 2022 (“FY2022”) (Note 1) (audited) HK\$’000	For the year ended 31 December 2021 (“FY2021”) (audited) HK\$’000
Revenue	24,493	21,436	20,258
– <i>Software Platform Business</i>	24,493	21,436	20,213
– <i>Mobile Games and Applications Business</i>	–	–	45
Gross profit	15,642	12,700	8,369
Administrative and other operating expenses	(23,998)	(17,358)	(28,315)
Impairment loss on goodwill	(1,728)	(18,508)	–
Finance costs	(890)	(274)	(1,456)
Loss for the year <i>(Note 2)</i>	(12,384)	(22,047)	(10,977)

Notes:

(1) These represented the restated amounts presented in the 2023 Annual Results Announcement.

(2) This represents the loss for the year from continuing operations of the Group (being the Software Platform Business and the Mobile Games and Applications Business). For details, please refer to the 2022 Annual Report and 2023 Annual Results Announcement.

LETTER FROM ALTUS

FY2022 vs. FY2021

Revenue of the Group increased slightly by approximately 5.8% from approximately HK\$20.3 million in FY2021 to approximately HK\$21.4 million in FY2022. All of the Group's revenue in FY2022 was derived from Software Platform Business. Due mainly to the obsolescence of its mobile games and postponement of mobile game development plan as a result of the reassessment of the Group's strategy, segment revenue of the Mobile Games and Applications Business decreased to nil in FY2022 from approximately HK\$45,000 in FY2021.

Gross profit increased by a larger extent of approximately 51.8% from approximately HK\$8.4 million in FY2021 to approximately HK\$12.7 million in FY2022. Such increase was mainly due to the aforementioned increase in revenue as well as the Group's lower cost of sales incurred as the Group engaged less subcontractors in FY2022 while more staff was diverted to the research and development division to cope with the business of the Group.

Although the Group experienced an enhancement in gross profit, the Group recorded a higher loss for the year of approximately HK\$22.0 million in FY2022 compared with approximately HK\$11.0 million in FY2021. This was mainly attributable to the Group's impairment loss incurred on goodwill of approximately HK\$18.5 million in FY2022 related to its Software Platform Business, while there was no such impairment loss recorded in FY2021. The above was partially offset by the decrease in administrative and other operating expenses (comprising administrative expenses, research and development expenses and selling and distribution expenses) from approximately HK\$28.3 million in FY2021 to approximately HK\$17.4 million in FY2022 mainly due to the decrease in depreciation of property, plant and equipment of approximately HK\$3.3 million, and that no additional written-off deposit and other receivables and intangible assets was recorded during FY2022 (FY2021: approximately HK\$8.3 million).

FY2023 vs. FY2022

Revenue of the Group increased by approximately 14.3% from approximately HK\$21.4 million in FY2022 to approximately HK\$24.5 million in FY2023. Such increase was mainly due to the increased sales orders from existing and new customers of the Software Platform Business. The Group did not generate any revenue from the Mobile Games and Applications Business in FY2023 due to the abovementioned reassessment of strategy.

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Gross profit of the Group increased by approximately 23.2% from approximately HK\$12.7 million in FY2022 to approximately HK\$15.6 million in FY2023. This was mainly due to the Group's increase in revenue as abovementioned.

Loss for the year narrowed to approximately HK\$12.4 million in FY2023 from approximately HK\$22.0 million in FY2022 due mainly to (i) the significant reduction in impairment loss on goodwill from approximately HK\$18.5 million in FY2022 to approximately HK\$1.7 million in FY2023; and (ii) the Group's increase in revenue and gross profit as abovementioned. Such positive effects were partially offset by the increase in administrative and other operating expenses of approximately 38.3% from approximately HK\$17.4 million in FY2022 to approximately HK\$24.0 million in FY2023, which was mainly due to the increase in staff costs and professional fees in support of the Group's business operations.

Consolidated statement of financial position

	As at 31 December 2021	As at 31 December 2022	As at 31 December 2023
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Total assets	35,678	19,570	8,703
– Goodwill	20,236	1,728	–
– Cash and cash equivalents	3,791	4,445	3,198
Total liabilities	8,796	14,796	13,264
– Interest-bearing borrowings	908	3,808	790
Net current assets/(liabilities)	5,648	(1,903)	(3,183)
Total equity/(Capital deficiency)	26,882	4,774	(4,561)
Gearing ratio ^(Note 2)	24.7%	75.6%	152.4%

Notes:

- (1) These represented the restated amounts presented in the 2023 Annual Results Announcement.
- (2) Gearing ratio is calculated as total liabilities over total assets.

The Group's financial and liquidity positions had been deteriorating between 31 December 2021 and 31 December 2023.

LETTER FROM ALTUS

Total equity decreased significantly from approximately HK\$26.9 million as at 31 December 2021 to approximately HK\$4.8 million as at 31 December 2022 mainly due to the reduction in goodwill balance as impairment loss was incurred in FY2022 as abovementioned. While the Group's cash and cash equivalents increased from approximately HK\$3.8 million as at 31 December 2021 to approximately HK\$4.4 million as at 31 December 2022, such increase was mainly attributable to new borrowings of HK\$2.9 million obtained in FY2022, and partially offset by the Group's net cash used in operating and investing activities of approximately HK\$1.0 million and HK\$0.2 million respectively in FY2022. As a result, the Group's gearing ratio increased significantly from approximately 24.7% as at 31 December 2021 to approximately 75.6% as at 31 December 2022, and the Group also recorded a net current liabilities position as compared to a net current assets position as at 31 December 2021.

The financial position of the Group had turned to deficit as at 31 December 2023 as a result of the continuous loss incurred. Cash and cash equivalents of the Group decreased to approximately HK\$3.2 million as at 31 December 2023 from approximately HK\$4.4 million as at 31 December 2022. The Group's gearing ratio and net current liabilities position further increased to approximately 152.4% and HK\$3.2 million respectively as at 31 December 2023.

Section conclusion

We observed that while the Group had been experiencing revenue and gross profits growth, it required significant operating expenses to support the continued business expansion which resulted in increasing losses. From a financial position standpoint, we noted that substantial external borrowings had been obtained to support the Group's business operations which led to the Group's relatively high level of gearings.

1.2 Outlook of the Group

The Group stated in its 2023 Annual Results Announcement and third quarterly report for the nine months ended 30 September 2023 that the higher level of adoption of information technology ("IT") solutions among small and medium enterprises ("SMEs") is driving the growth of Hong Kong's IT market. For example, SMEs in Hong Kong are increasingly implementing enterprise resource planning (ERP) solutions and customer relationship management (CRM) software to enhance customer retention and loyalty. In addition, they are increasing their investments to advertise and promote their products and services through social media and e-commerce platforms, which enables SMEs to expand their reach of customers and lower marketing costs. The Management also observed that the higher level of adoption of big data solutions is another prominent trend within the IT market.

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Considering the industry trends mentioned above, the Management believes that Hong Kong's IT market will continue to grow. In light of this, the Group intends to continue to allocate resources to meet the increasingly innovative industry standards as well as to fulfil customers' demand for their products. In addition, it is the Group's strategy to concentrate on expanding in high-growth sectors while maintaining presence in slower-growth areas.

2. Rationale for the Rights Issue and proposed use of proceeds

2.1 The funding needs

While the Group's existing Software Platform Business is experiencing moderate growth as discussed above, it necessitates substantial operating costs to support the continued growth, resulting in the Group incurring losses. According to the Management, challenging market conditions have contributed to losses since 2014 and the Group is implementing cost optimisation measures to adapt to the current business environment.

We understand that the Management has conducted a thorough review of the Group's existing businesses with an aim to improve its financial performance and position. Leveraging the Group's capabilities and experience in software development, and in line with the Management's observations of growing demand for e-commerce platform as discussed in the paragraph headed "1.2 Outlook of the Group" above, we understand that the Group has launched its first advertising e-commerce platform in late 2023. For details about this platform, please refer to the paragraph headed "Reasons for and benefits of the Rights Issue and intended use of proceeds" in the "Letter from the Board" of the Circular.

Since its launch in late 2023 and up till the Latest Practicable Date, as advised by the Management, the registered user of the advertising e-commerce platform has reached over 900,000. In order for this platform to further develop and expand so as to capitalise on the prevailing market opportunity, additional investments have to be made.

Having considered the Group's existing financial resources, for instance, as at 31 December 2023, its cash and cash equivalents amounted to only approximately HK\$3.2 million, we concur with the Management's view that there is a need for funding in order to continue the development of its advertising e-commerce platform.

As elaborated in the paragraph headed "Reasons for and benefits of the Rights Issue and intended use of proceeds" in the "Letter from the Board" of the Circular, all of the net proceeds from the Rights Issues will be allocated to the further development and expansion of the advertising e-commerce platform. Taking into account that the Group's existing businesses have recorded consecutive loss, we consider that the Management's assessment and decision to develop a new line of business by leveraging on its established skills and know-how in developing successful mobile games, as well as to capture prevailing market trend with the aim of improving the Group's financial performance to be commercially

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reasonable. Independent Shareholders should however note that as with all business ventures, there is no guarantee of the success or profitability of the advertising e-commerce platform which is to be developed.

2.2 Alternative fund-raising methods

We understand from the Management that when the Rights Issue was under contemplation, the Company had also considered various fundraising methods, including (i) debt financing; and (ii) other equity fund-raising methods such as placing of new Shares and open offer, and the Company decided to propose the Rights Issue. We have analysed and compared such other methods below.

In respect of debt financing, we concur that given the prevailing high interest rate environment, the financing cost for loan or debt will be high. As the uses of proceeds are to fund long term business growth, we concur with the Management that it is prudent to finance the Group's long-term growth with long term financing, preferably in the form of equity which will not incur ongoing financial burden such as interest costs and repayment or liquidity risks. In addition, considering (i) the Group's already high gearing ratio of approximately 75.6% and 152.4% as at 31 December 2022 and 2023 respectively; (ii) a consecutive loss-making financial track record of the Group; and (iii) its deficit and net current liabilities positions, we concur with the Management that it would be difficult for the Group to obtain further debt financing at reasonable costs.

In respect of placing of new Shares, it results in a certain dilution on the shareholding of existing Shareholders. In comparison, the Rights Issue provides existing Shareholders the opportunity to participate in the fund raising exercise and maintain their proportionate shareholdings in the Company.

Comparing the Rights Issue with an open offer, while they are similar in nature, an open offer does not allow free trading of rights entitlements in the open market. The Rights Issue will have the mechanism which allows existing Shareholders to (i) increase their respective shareholding in the Company by acquiring additional rights entitlements in the markets (subject to availability); and (ii) potentially recoup some value of their rights entitlements if they do not wish to participate in the Rights Issue by disposing their nil-paid Rights Shares in the market (subject to demand).

Having considered and compared the various fund-raising methods, in particular the flexibility afforded to the existing Shareholders under the Rights Issue to maintain their proportionate shareholding, potentially increase their shareholding if they wish to and to recoup the value of their rights entitlements if they do not participate in the Rights Issue, we concur with the Management's view that the Rights Issue is the most appropriate fund raising method for the Company under the current circumstances.

LETTER FROM ALTUS

3. Principal terms of the Rights Issue

3.1 Summary of the key terms

Basis of the Rights Issue:	two (2) Rights Shares for every one (1) Adjusted Share held on the Record Date
Subscription Price:	HK\$0.12 per Rights Share (after the Capital Reorganisation has become effective)
Number of Existing Shares in issue as at the Latest Practicable Date:	1,272,640,000 Existing Shares
Number of Adjusted Shares in issue upon the Capital Reorganisation becoming effective:	127,264,000 Adjusted Shares (assuming no change in the number of Shares in issue on or before the date on which the Capital Reorganisation became effective)
Number of Rights Shares:	(assuming the Capital Reorganisation has become effective and no further issue of Shares or repurchase of Shares on or before the Record Date) up to 254,528,000 Rights Shares, representing 200% of the Company's issued number of Adjusted Shares as at the Latest Practicable Date and approximately 66.67% of the enlarged issued share capital of the Company upon completion of the Rights Issue
Gross proceeds and net proceeds:	Assuming no change in the issued share capital of the Company on or before the Record Date, and all the Qualifying Shareholders taking up their respective allotment of Rights Shares in full: Gross proceeds: up to approximately HK\$30.54 million Net proceeds (after deducting the estimated expenses): up to approximately HK\$28.74 million

As at the Latest Practicable Date, the Company has no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares. For further information of the Rights Issue, please refer to the "Letter from the Board" of the Circular.

LETTER FROM ALTUS

3.2 Subscription Price

As stated in the paragraph headed “Subscription Price” in the “Letter from the Board” of the Circular, the Subscription Price was determined by the Board with reference to (i) the market price of the Shares under the prevailing market conditions; (ii) the latest business performance and financial position of the Group; and (iii) the reasons for and benefits of the Rights Issue.

The Subscription Price of HK\$0.12 per Rights Share represents (assuming the Capital Reorganisation has become effective as at the Latest Practicable Date):

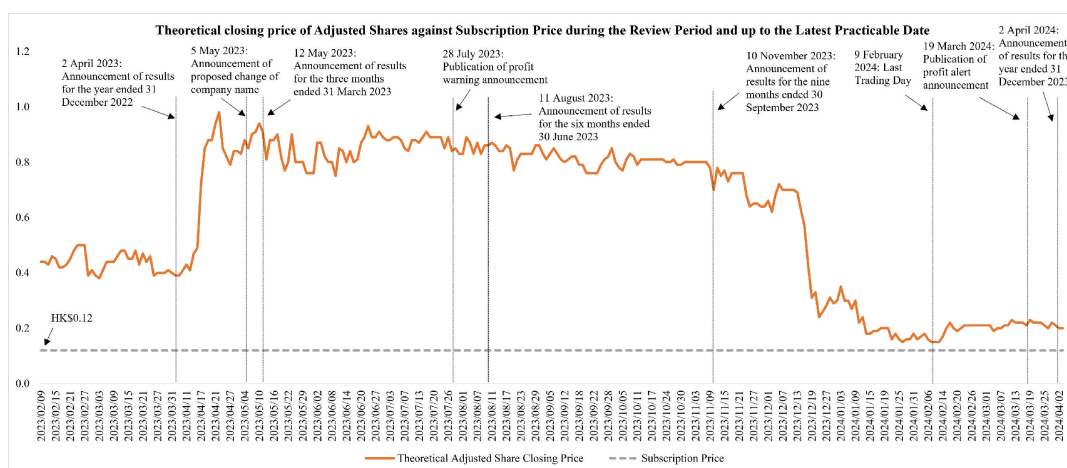
- (i) a discount of 20.0% to the theoretical closing price of HK\$0.15 per Adjusted Share (after taking into account the effect of the Capital Reorganisation) based on the closing price of HK\$0.015 per Existing Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of 40.0% to the theoretical closing price of HK\$0.20 per Adjusted Share (after taking into account the effect of the Capital Reorganisation) based on the closing price of HK\$0.02 per Existing Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (iii) a discount of approximately 25.93% to the theoretical benchmarked price of HK\$0.162 per Adjusted Share (after taking into account the effect of the Capital Reorganisation) based on the benchmarked price of HK\$0.0162 per Existing Share (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the closing price on the Last Trading Day of HK\$0.015 per Existing Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five (5) previous consecutive trading days prior to the Announcement of approximately HK\$0.0162 per Existing Share);
- (iv) a discount of approximately 10.45% to the theoretical ex-rights price of approximately HK\$0.134 per Adjusted Share (after taking into account the effect of the Capital Reorganisation) based on the theoretical benchmarked price of HK\$0.162 per Adjusted Share;
- (v) a premium of approximately 380.0% over the net asset value of the Company of approximately HK\$0.025 per Adjusted Share based on the unaudited net asset value of the Company of approximately HK\$3,175,000 as at 30 June 2023 as disclosed in the interim report of the Company for the six months ended 30 June 2023 and 127,264,000 Adjusted Shares assuming the Capital Reorganisation has become effective; and

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- (vi) a theoretical dilution effect (as defined under the GEM Listing Rules) represented by a discount of approximately 17.28% of the theoretical ex-rights price of HK\$0.134 per Adjusted Share (after taking into account the effect of the Capital Reorganisation) to the theoretical benchmarked price of HK\$0.162 per Adjusted Share.

Historical price performance of the Shares

Set out below is a chart illustrating the theoretical closing price of Adjusted Shares (after taking into account the effect of the Capital Reorganisation) during the period from 9 February 2023, being 12 months immediately preceding the Last Trading Day, to the Last Trading Day (the “**Review Period**”). We consider that a period of 12 months, which reflects historical and prevailing market sentiment, is adequate to illustrate the recent price movement of the Shares for the purpose of conducting a reasonable comparison.



Source: The website of the Stock Exchange (www.hkex.com.hk)

As shown above, the theoretical closing prices of the Adjusted Shares were above the Subscription Price at all times during the Review Period, ranging from HK\$0.15 per Adjusted Share on 26 January, 7, 8 and 9 February 2024 to HK\$0.98 per Adjusted Share on 24 April 2023. In other words, the discounts of the Subscription Price to the theoretical closing prices of the Adjusted Shares ranged from approximately 20.0% to 87.8% during the Review Period. The Subscription Price also represented a discount of approximately 81.8% to the theoretical average daily closing price per Adjusted Share of approximately HK\$0.66 during the Review Period.

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The theoretical closing price remained relatively stable during the period from 9 February 2023 to early April 2023. Shortly after the Company's publication of its annual results announcement for the year ended 31 December 2022 on 2 April 2023 and before the Company's publication of its announcement in relation to the proposed change of company name on 5 May 2023, the theoretical closing price surged from HK\$0.41 per Adjusted Share on 12 April 2023 to its high of HK\$0.98 per Adjusted Share on 24 April 2023. Such relatively high level of theoretical closing price did not sustain long which subsequently dropped drastically from HK\$0.70 per Adjusted Share on 12 December 2023 to HK\$0.24 per Adjusted Share on 21 December 2023. The theoretical closing price declined further to its low of HK\$0.15 per Adjusted Share immediately before and on the Last Trading Day. Overall, we did not notice any specific reasons for the aforementioned movements of the theoretical closing price of the Adjusted Shares during the Review Period. As advised by the Management, the Company is also not aware of any reasons for the aforementioned Share price fluctuations. The theoretical closing price rebounded slightly after the Last Trading Day and closed at HK\$0.20 per Adjusted Share as at the Latest Practicable Date.

Notwithstanding the aforesaid significant fluctuations during the Review Period, from the perspective of encouraging participation in the Rights Issue, it is practicable to make reference to most recent prevailing theoretical closing price and with reasonable level of discounts. In this regard, the Subscription Price represents a discount of approximately 20.0% to the theoretical closing price of HK\$0.15 per Adjusted Share on the Last Trading Day. We noticed that the theoretical closing price had surged to as high as HK\$0.98 per Adjusted Share during the Review Period but such high levels did not sustain as abovementioned. The reasons for such fluctuations are also unknown to the Company but they seem unrelated to any positive change in the fundamentals of the Group as it continued to incur losses during the Review Period and its financial position had turned to deficit as at 31 December 2023 as discussed in the paragraph headed "1.1 Financial information of the Group" above. Despite the Subscription Price is below the theoretical closing prices of the Adjusted Share at all time during the Review Period, having considered (i) it is market practice to set the subscription prices of rights issues at discounts to prevailing market prices as further elaborated in the paragraph headed "Comparison with recent rights issue transactions" below; (ii) setting the Subscription Price at a reasonable discount to the theoretical closing price serves to encourage participation in the Rights Issue and accordingly, to maximise the funds raised; (iii) the 20.0% discount of Subscription Price to the theoretical closing price per Adjusted Share on the Last Trading Day is within the range of those of the Comparables (defined below) as further elaborated in the paragraph headed "Comparison with recent rights issue transactions" below; (iv) the fact that the Group has incurred consecutive losses over the years and recently turned to a deficit financial position; and (v) the Group's imminent need of funding for developing the new business venture as discussed in the paragraph headed "2.1 The funding needs" above, we consider the Subscription Price to be fair and reasonable.

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Trading liquidity of the Shares

Set out below is the average daily trading volume of the Shares on a monthly basis and the respective percentage of the average daily trading volume of the Shares during the Review Period as compared to (i) the total number of issued Shares as at the Latest Practicable Date; and (ii) the total number of issued Shares held by the public Shareholders as at the Latest Practicable Date.

Month	Average daily trading volume of Shares	Average daily trading volume as a percentage to the total number of issued Shares as at the Latest Practicable Date (%)	Average daily trading volume as a percentage to the total number of issued Shares held by public Shareholders as at the Latest Practicable Date (%)
2023			
February (from 9 February 2023)	960,071	0.075	0.106
March	307,783	0.024	0.034
April	5,667,353	0.445	0.628
May	742,952	0.058	0.082
June	492,238	0.039	0.055
July	346,000	0.027	0.038
August	983,217	0.077	0.109
September	356,842	0.028	0.040
October	95,000	0.007	0.011
November	162,727	0.013	0.018
December	2,023,474	0.159	0.224
2024			
January	4,103,919	0.322	0.455
February (up to the Last Trading Day)	1,650,000	0.130	0.183
Max		0.445	0.628
Min		0.007	0.011

Source: The website of the Stock Exchange (www.hkex.com.hk)

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As illustrated in the above table, the percentage of average daily trading volume to (i) the total number of issued Shares; and (ii) the total number of Shares held by public Shareholders, ranged from approximately 0.007% to 0.445% and 0.011% to 0.628% respectively. The average daily trading volume of the Shares during the Review Period was approximately 1,310,000 Shares, representing approximately 0.103% and 0.145% of the total number of issued Shares and the total number of Shares held by public Shareholders as at the Latest Practicable Date, indicating that the Shares were generally illiquid in the open market.

Given the thin trading volume of the Shares, we consider that the Company is unlikely to be able to raise equity funds from third parties without a substantial discount to the prevailing Share price. Taking into account the low trading liquidity of the Shares, we are of the view that, from the perspective of trading liquidity of the Shares, the Rights Issue is an appropriate equity financing method for the Group and the Subscription Price thereunder is fair and reasonable.

Comparison with recent rights issue transactions

In assessing the fairness and reasonableness of the Subscription Price, we have also conducted an analysis on the subscription prices of other recent rights issue exercises. Based on the criteria of (i) rights issues conducted by listed companies on the Stock Exchange; and (ii) rights issues that had issued relevant prospectuses during the three months prior to the Last Trading Day (the “**Comparison Review Period**”), we have identified an exhaustive list of 16 comparable rights issues (the “**Comparables**”).

While the exact terms of the rights issues conducted by the Comparables are different and the Comparables may have different principal business activities and scale of operations, market capitalisations, profitability and financial positions as compared to those of the Company, we are of the view that such analysis can nevertheless provide a fair and representative reference as to how the recent market generally perceives rights issues, including their prevailing terms. We also consider that the length of the Comparison Review Period is adequate, and can fairly and reasonably reflect prevailing market conditions.

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The major terms of the rights issue conducted by the Comparables are summarised as below:

Prospectus date	Company name	Stock code	Basis for entitlement	Premium/(Discount) of the subscription price over/to the average net asset closing price value per share for the five the theoretical disclosed in the consecutive ex-right price latest interim/ trading days based on the annual report the closing price on the last up to the last closing price published prior trading day trading day trading day trading day				Theoretical dilution effect (%)	Maximum net proceeds (HK\$ million)	Excess application	Underwriting
				(%)	(%)	(%)	(%)				
15 Nov 2023	Royal Century Resources Holdings Limited	8125	5 for 1	(19.30)	(17.90)	(3.80)	(82.70)	16.10	35.00	N	N
20 Nov 2023	Rego Interactive Co., Ltd	2422	1 for 2	(39.58)	(38.46)	(30.31)	(38.84)	13.29	99.00	N	N
21 Nov 2023	Zhejiang Expressway Co., Ltd.	576	3.8 for 10	(31.88)	(31.33)	(25.32)	(68.72)	8.78	6,732.00 ^{Note 1}	Y	Y
18 Dec 2023	Huabang Technology Holdings Limited	3638	1 for 2	(24.05)	(18.55)	(17.45)	(34.07)	8.02	55.00	N	N
29 Dec 2023	Wisdomcome Group Holdings Limited	8079	3 for 1	(22.40)	(18.20)	(6.30)	(86.40)	16.80	64.50	Y	Y
2 Jan 2024	Gameone Holdings Limited	8282	1 for 2	6.80	8.30	4.50	(40.90)	0.00	12.20	Y	Y
8 Jan 2024	Imperium Financial Group Limited	8029	1 for 2	(11.11)	(7.41)	(7.69)	333.90	3.70	44.10	N	N
9 Jan 2024	Universe Printshop Holdings Limited	8448	3 for 2	(14.81)	(18.44)	(8.00)	259.40	11.06	32.81	N	Y
10 Jan 2024	Tesson Holdings Limited	1201	3 for 4	(11.50)	(11.50)	(6.90)	(72.20)	4.90	109.30	Y	N
11 Jan 2024	Da Yu Financial Holdings Limited	1073	1 for 1	11.11	11.11	4.90	(64.29)	0.00	170.00	Y	N
12 Jan 2024	GoFintech Innovation Limited	290	3 for 1	(9.09)	(12.28)	(2.44)	(46.67)	9.97	472.97	N	N
22 Jan 2024	Elife Holdings Limited	223	1 for 5	3.53	4.02	2.92	235.00	0.00	96.80	Y	Y
22 Jan 2024	Huasheng International Holding Limited	1323	1 for 2	(12.20)	(11.50)	(8.73)	(47.70)	3.82	27.20	N	N
24 Jan 2024	China Financial Leasing Group Limited	2312	1 for 1	(32.60)	(32.40)	(19.50)	(65.20)	16.30	19.40	Y	Y
29 Jan 2024	Finsoft Financial Investment Holdings Limited	8018	3 for 1	(28.16)	(26.00)	(8.92)	(83.12)	21.12	26.20	N	N
31 Jan 2024	Lapco Holdings Limited	8472	3 for 1	(30.23)	(19.35)	(9.77)	(84.85)	22.67	41.70	N	N
			Maximum	11.11	11.11	4.90	333.90	22.67			
			Minimum	(39.58)	(38.46)	(30.31)	(86.40)	0.00			
			Average	(16.59)	(14.99)	(8.92)	0.79	9.78			
			Median	(17.06)	(18.05)	(7.85)	(56.00)	9.38			
	The Company	8148	2 for 1	(20.00) ^{Note 2}	(25.93) ^{Note 3}	(10.45)	380.00 ^{Note 4}	17.28	28.74	Y	N

Source: The website of the Stock Exchange (www.hkex.com.hk)

Notes:

- This represents the aggregate maximum net proceeds from the H share rights issue and the domestic share rights issue (for details, please refer to the circular of Zhejiang Expressway Co., Ltd. dated 21 November 2023). For illustrative purpose, Renminbi has been translated into HK\$ with exchange rate of RMB1.00 to HK\$1.10.

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2. This represents the discount of Subscription Price to the theoretical closing price of HK\$0.15 per Adjusted Share (after taking into account the effect of the Capital Reorganisation) based on the closing price of HK\$0.015 per Existing Share as quoted on the Stock Exchange on the Last Trading Day.
3. This represents the discount of Subscription Price to the theoretical average closing price of HK\$0.162 per Adjusted Share (after taking into account the effect of the Capital Reorganisation) based on the average of closing prices of the Shares as quoted on the Stock Exchange for the five previous consecutive trading days prior to the Announcement of approximately HK\$0.0162 per Existing Share.
4. This represents the premium of Subscription Price over the net asset value of the Company of approximately HK\$0.025 per Adjusted Share (assuming the Capital Reorganisation has become effective) based on the unaudited net asset value of the Company of approximately HK\$3,175,000 as at 30 June 2023 as disclosed in the interim report of the Company for the six months ended 30 June 2023.

We note from the above table that, with the exception of three Comparables, being Gameone Holdings Limited, Da Yu Financial Holdings Limited and Elife Holdings Limited, all the other Comparables had set the subscription prices of their rights issues at discount to (i) the prevailing market closing price (the “**LTD Price**”) of the relevant shares on the last trading day in relation to the respective rights issue; (ii) the average closing price for the five consecutive trading days (the “**Five Days Average LTD Price**”) of the relevant shares prior to and up to the last trading day in relation to the respective rights issue; and (iii) the theoretical ex-rights price (the “**Ex-right Price**”) based on the LTD Price. Therefore, we consider that it is a normal market practice for listed companies to set the subscription prices of rights issues at a discount to the LTD Price, the Five Days Average LTD Price and the Ex-right Price, so as to encourage their shareholders’ participation.

The discount/premium of the subscription prices to the LTD Price of the Comparables ranged from a premium of approximately 11.11% to a discount of approximately 39.58% with mean and median of a discount of approximately 16.59% and 17.06% respectively. The discount of approximately 20.0% of the Subscription Price to the theoretical closing price of the Adjusted Shares on the Last Trading Day falls within the range of those of the Comparables.

The discount/premium of the subscription prices to the Five Days Average LTD Price of the Comparables ranged from a premium of approximately 11.11% to a discount of approximately 38.46% with mean and median of a discount of approximately 14.99% and 18.05% respectively. The discount of approximately 25.93% of the Subscription Price to the theoretical average closing price of the Adjusted Shares for the five previous consecutive trading days prior to the Announcement falls within the range of those of the Comparables.

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The discount/premium of the subscription prices to the Ex-right Price of the Comparables ranged from a premium of approximately 4.90% to a discount of approximately 30.31% with mean and median of a discount of approximately 8.92% and 7.85% respectively. The discount of approximately 10.45% of the Subscription price to the Ex-right Price falls within the range of those of the Comparables.

Despite the discounts of the Subscription Price to both the theoretical closing price of the Adjusted Shares on the Last Trading Day, the five days average prior to the Announcement and the Ex-right Price are higher than the means and medians of the Comparables, taking into account the financial situation and funding needs of the Group as mentioned in the paragraphs headed “1.1 Financial information of the Group” and “2.1 The funding needs” above, in particular, its consecutive loss-making records and the recent deficit and net current liabilities positions coupled with the needs of funds for developing the new business venture, we are of the view that the discounts being relatively higher than the means and medians of the Comparables are reasonable so as to encourage Qualifying Shareholders to participate in the Rights Issue.

When comparing the respective subscription price to the net asset value per share of the Comparables, we note that majority are at a discount with the exception of Imperium Financial Group Limited, Universe Printshop Holdings Limited and Elife Holdings Limited. The discount/premium of the subscription price to the net asset value per share of the Comparables ranged from a premium of approximately 333.90% to a discount of approximately 86.40% with mean of a premium of approximately 0.79% and median of a discount of approximately 56.00%. The premium of approximately 380.00% of the Subscription Price to the Company’s net asset value per Adjusted Share is higher than those of the Comparables.

From a theoretical dilution effect perspective, the range of the Comparables varied from nil to approximately 22.67% with mean and median of approximately 9.78% and 9.38% respectively. The theoretical dilution effect of the Rights Issue of approximately 17.28% falls within the range of the Comparables. Although such theoretical dilution is higher than the mean and median of the Comparables, taking into account (i) such theoretical dilution level is within the 25% threshold as permitted under Rule 10.44A of the GEM Listing Rules; and (ii) the financial situation and the funding needs of the Group as abovementioned, we are of the view that the theoretical dilution effect of the Rights Issue is reasonable.

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Taking into account the above, in particular, (i) despite the price discounts and theoretical dilution of the Rights Issue are higher than the means and medians of the Comparables, they are within the range of the Comparables and is within the permitted threshold under the GEM Listing Rules (as the case may be); (ii) the Group's consecutive loss-making records and the deficit and net current liabilities positions; (iii) the Group's funding needs for developing the new business venture; and (iv) the fact that the Subscription Price represents a premium of approximately 380.00% to the Company's net asset value per Adjusted Share, which is higher than those of the Comparables, we consider the Subscription Price is fair and reasonable.

3.3 Other terms

Excess application

As discussed in the "Letter from the Board" of the Circular, all Qualifying Shareholders shall be entitled to apply, by way of excess application, for (i) the Rights Shares representing the entitlement of the Non-Qualifying Shareholders which cannot be sold at a net premium; and (ii) any Rights Shares provisionally allotted but not validly accepted by the Qualifying Shareholders or transferees of nil-paid Rights Shares.

A Shareholder who applies to take up all or part of his/her/its entitlement under the PAL and/or excess Rights Shares under the EAF may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code or cause the public float of the Company to decrease to below 25%. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder for his/her/its assured entitlement under the Rights Issue or excess Rights Shares under the EAF will be scaled down to a level which (a) does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance to the note to Rule 10.26(2) of the GEM Listing Rules; and (b) does not cause the Company's public float to decrease to below 25%. Shares subject to scale down will be available for application as excess Rights Shares to other Qualifying Shareholders, any subscription monies not utilised due to scaled-down application of entitled Rights Shares or excess Rights Shares will be refunded to the affected applicants.

Among the Comparables, seven out of 16 of the Comparables allow application for excess rights shares. Therefore, we consider that the Rights Issue which allows application for excess Rights Shares and the possibility of applying for excess Rights Shares under the Rights Issue are not uncommon in the market.

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Non-underwritten basis of the Rights Issue

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of provisionally allotted Rights Shares. In the event that the provisional allotments for the Rights Issue are not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders together with the Rights Shares not provisionally allotted to the Non-Qualifying Shareholders will be made available for excess application under the EAFs. There is no minimum subscription level or minimum amount to be raised under the Rights Issue.

As the Rights Issue is not underwritten and has not set a minimum subscription amount, a Shareholder who applies to take up all or part of his/her/its entitlement under the PAL and/or excess Rights Shares under the EAF may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code or cause the public float of the Company to decrease to below 25%. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder for his/her/its assured entitlement under the Rights Issue or excess Rights Shares under the EAF will be scaled down to a level which (a) does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance to the note to Rule 10.26(2) of the GEM Listing Rules; and (b) does not cause the Company's public float to decrease to below 25%. Shares subject to scale down will be available for application as excess Rights Shares to other Qualifying Shareholders, any subscription monies not utilised due to the scaled-down application of entitled Rights Shares or excess Rights Shares will be refunded to the affected applicants.

Underwriting arrangement is subject to whether the Company can secure suitable underwriters at reasonable terms and costs, which is subject to, among others, market conditions at the relevant time. We note that ten out of the 16 Comparables were conducted on a non-underwritten basis, implying it is not uncommon for rights issues to proceed on such basis.

In addition, as the Company is raising capital for expansion instead of discharging financial obligations or fulfilling a forthcoming contractual commitment, there is no necessity to have an assured amount to be raised. Underwriting arrangement also involves underwriting fees which will reduce the net proceeds of the Rights Issue.

Taking into account that (i) the purpose of the Rights Issue is raising capital for expansion and even if the amount successfully raised is lower than initially targeted, it would enable the Management to continue to develop its recently launched advertising e-commerce platform; and (ii) the fact that it is not uncommon for rights issues to proceed on non-underwritten basis, we are of the view that it is fair and reasonable for the Rights Issue to proceed on a non-underwritten basis.

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3.4 Conclusion

Taking into account the above, we are of the view that the terms of the Rights Issue are fair and reasonable.

4. Financial impact

It should be noted that the analysis below is for illustrative purpose only and does not purport to represent how the financial position of the Group will become upon completion of the Rights Issue.

4.1 Net tangible assets

In terms of net tangible assets per Share, as set out in Appendix II to the Circular, upon completion of the Capital Reorganisation and the Rights Issue, the unaudited pro forma adjusted consolidated net tangible assets per Share attributable to owners of the Company as at 31 December 2023 would be approximately HK\$0.08 (assuming all Qualifying Shareholders have taken up the Rights Shares), representing an increase of approximately 700.0% as compared to the unaudited pro forma consolidated net tangible assets per Share attributable to owners of the Company as at 31 December 2023 immediately after completion of the Capital Reorganisation but prior to the completion of the Rights Issue of approximately HK\$0.01.

4.2 Liquidity

In terms of liquidity position, the Group had cash and cash equivalents of approximately HK\$3.2 million, current assets of approximately HK\$8.7 million and current liabilities of approximately HK\$11.9 million as at 31 December 2023 respectively, giving rise to a current ratio (being current assets divided by current liabilities) of approximately 0.73 times (i.e. a net current liabilities position). Immediately upon completion of the Rights Issue, the cash and cash equivalents of the Group may increase by up to the amount of net proceeds from the Rights Issue; that is up to approximately HK\$28.74 million. In such case, the current ratio of the Group will potentially increase from approximately 0.73 times to 3.15 times, indicating potential improvement from a net current liabilities position to a net current assets position.

Overall, we note that the Group's financial position will improve following the Rights Issue.

5. Possible dilution effect

All Qualifying Shareholders are entitled to subscribe for the Rights Shares.

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For those Qualifying Shareholders who take up their full provisional allotments under the Rights Issue, their shareholding interests in the Company will remain unchanged after the Rights Issue.

Qualifying Shareholders who do not take up the Rights Issue can, subject to the then prevailing market conditions, consider selling their nil-paid rights to subscribe for the Rights Shares in the market. However, they should note that their shareholdings in the Company will be diluted upon completion of the Rights Issue. For those Qualifying Shareholders who do not take up their full provisional allotments under the Rights Issue, their proportionate shareholding in the Company will be diluted.

Having considered (i) the dilution effect is not prejudicial as all Qualifying Shareholders are offered an equal opportunity to participate in the enlargement of the capital base of the Company and Shareholders' interests in the Company will not be diluted if they elect to exercise their full provisional allotments under the Rights Issue; and (ii) the Qualifying Shareholders have the opportunity to realise their nil-paid rights to subscribe for the Rights Shares in the market, subject to availability, we are of the view that the potential dilution effect on the shareholding, which may only happen to the Qualifying Shareholders who decide not to subscribe for their pro-rata Rights Shares, is acceptable and justifiable.

RECOMMENDATION

Having considered the above principal factors, we are of the view that (i) the terms of the Rights Issue are fair and reasonable; and (ii) the Rights Issue is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour on the resolution at the EGM in relation to the Rights Issue.

Yours faithfully,
For and on behalf of
Altus Capital Limited
Chang Sean Pey
Responsible Officer

Mr. Chang Sean Pey (“Mr. Chang”) is a Responsible Officer of Altus Capital Limited licensed to carry on Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO and permitted to undertake work as a sponsor. He is also a Responsible Officer of Altus Investments Limited licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO. Mr. Chang has over 25 years of experience in banking, corporate finance advisory and investment management. In particular, he has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance advisory transactions.

APPENDIX I FINANCIAL AND OTHER INFORMATION OF THE GROUP

A. FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for the three years ended 31 December, 2021, 2022 and 2023 are disclosed in the following documents which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (<https://www.wuxilife.com.hk>), respectively:

- (i) the audited consolidated financial information of the Group for the year ended 31 December 2023 is disclosed in the annual results announcement of the Company for the year ended 31 December 2023 published on 28 March 2024, from pages 2 to 32

(<https://www1.hkexnews.hk/listedco/listconews/gem/2024/0402/2024032805582.pdf>)
- (ii) the audited consolidated financial information of the Group for the year ended 31 December 2022 is disclosed in the annual report of the Company for the year ended 31 December 2022 published on 31 March 2023, from pages 48 to 167

(<https://www1.hkexnews.hk/listedco/listconews/gem/2023/0402/2023040200031.pdf>)
- (iii) the audited consolidated financial information of the Group for the year ended 31 December 2021 is disclosed in the annual report of the Company for the year ended 31 December 2021 published on 23 March 2022, from pages 48 to 167

(<https://www1.hkexnews.hk/listedco/listconews/gem/2022/0330/2022033000575.pdf>)

B. INDEBTEDNESS

At the close of business on 29 February 2024, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had outstanding borrowings of HK\$3.8 million and lease liabilities amounting to approximately HK\$1.2 million.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, the Group did not have at the close of business on 29 February 2024 any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

C. WORKING CAPITAL

The Directors, after due and careful consideration, are of the opinion that, taking into consideration the estimated net proceeds from the Rights Issue and the financial resources available to the Group including internally generated funds, bank and other facilities, the Group will have sufficient working capital for its operation for at least twelve months from the date of this circular.

The Company has obtained the relevant confirmation as required under the GEM Listing Rules.

D. MATERIAL ADVERSE CHANGE

The Board confirmed that there has been no material adverse change in the financial or trading position of the Group since 31 December 2023, being the date to which the latest published audited accounts of the Group were made up, up to and including the Latest Practicable Date.

E. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

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.

With the lifting of COVID-19 related quarantine measures, life gradually returned to normal, and the Group’s 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.

However, 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. 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.

APPENDIX I FINANCIAL AND OTHER INFORMATION OF THE GROUP

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.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared by the Directors in accordance with paragraph 7.31 of the GEM Listing Rules to illustrate the effect of the proposed Capital Reorganisation and the proposed Rights Issue on the audited consolidated net tangible assets of the Group attributable to the owners of the Company as if the Capital Reorganisation and the Rights Issue had taken place on 31 December 2023.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared for illustrative purpose only, and because of its hypothetical nature, may not give a true picture of the consolidated net tangible assets of the Group had the Capital Reorganisation and the Rights Issue been completed as at 31 December 2023 or at any future date.

The following statement of unaudited pro forma consolidated net tangible assets of the Group is prepared based on the audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2023, as extracted from the Company's annual results announcement for the year ended 31 December 2023, and is adjusted as described below:

	Audited consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 December 2023 <i>HK\$'000</i> <i>(Note 1)</i>	Estimated net proceeds from the Rights Issue <i>HK\$'000</i> <i>(Note 2)</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as if the Rights Issue had been completed on 31 December 2023 <i>HK\$'000</i>
Based on the issue of 254,528,000 Rights Shares at the Subscription Price of HK\$0.12 per Rights Share <i>(Note 3)</i>	804	28,740	29,544
Audited consolidated net tangible assets of the Group attributable to owners of the Company per Share as at 31 December 2023 before adjusting for the completion of the Capital Reorganisation and prior to the completion of the Rights Issue <i>(Note 4)</i>			HK\$0.001
Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share as at 31 December 2023 immediately after the completion of the Capital Reorganisation but prior to the completion of the Rights Issue <i>(Note 5)</i>			HK\$0.01
Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share as at 31 December 2023 immediately after the completion of the Capital Reorganisation and the completion of the Rights Issue as if the Rights Issue had been completed on 31 December 2023 <i>(Note 6)</i>			HK\$0.08

Notes:

1. The audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2023 is extracted from the audited consolidated net assets attributable to the owners of the Company as at 31 December 2023 of approximately HK\$804,000 as shown on the consolidated statement of financial position as at 31 December 2023 extracted from the Company's annual results announcement for the year ended 31 December 2023.
2. The estimated net proceeds from the Rights Issue of approximately HK\$28,740,000 are based on estimated gross proceeds to be raised by the issue of 254,528,000 Rights Shares at the subscription price of HK\$0.12 per Rights Share, after deduction of the related expenses including, among others, placing commission and other professional fees of approximately HK\$1,803,000.
3. Pursuant to the announcement of the Company dated 9 February 2024, a Capital Reorganisation was proposed whereby every 10 issued shares of HK\$0.04 each in the Company will be consolidated into one consolidated share of HK\$0.4 and the par value of each consolidated share will be reduced from HK\$0.4 each to HK\$0.01 each by cancelling the paid-up capital to the extent of HK\$0.39 on each issued consolidated share thereof so as to form the Adjusted Share of HK\$0.01 each. The number of shares in issue of the Company as at 31 December 2023 of 1,272,640,000 shares has been adjusted for the effects of this Capital Reorganisation to 127,264,000 Adjusted Shares. The proposed share capital reduction does not affect the unaudited pro forma adjusted consolidated net tangible assets of the Group.

The Rights Issue involves the issue of 254,528,000 Rights Shares on the basis of two Rights Shares for every one Adjusted Share held on the Record Date. The number of Rights Shares of 254,528,000 is arrived at assuming no new Shares will be issued after the Latest Practicable Date and up to the Record Date. Since no new shares were issued after the date of announcement up to the Latest Practicable Date, the number of existing Shares as at 31 December 2023 immediately after the Capital Reorganisation entitled to the Rights Issue is 127,264,000, accordingly, the number of Rights Shares to be issued would be 254,528,000.

4. The audited consolidated net tangible assets of the Group attributable to owners of the Company per Share as at 31 December 2023 is calculated based on the audited consolidated net tangible assets of the Group of approximately HK\$804,000 divided by 1,272,640,000 shares in issue as at 31 December 2023 without taking into account of consolidation of every ten (10) issued existing shares as at 31 December 2023 of HK\$0.04 each into one consolidated share of HK\$0.4 each.
5. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share as at 31 December 2023 immediately after the Capital Reorganisation but before the completion of the Rights Issue is calculated based on the audited consolidated net tangible assets of the Group attributable to owners of the Company of approximately HK\$804,000 as at 31 December 2023 divided by 127,264,000 Adjusted Shares (equivalent to 1,272,640,000 Existing Shares) assumed to be in issue as at 31 December 2023.
6. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share as at 31 December 2023 immediately after the completion of Capital Reorganisation and the Rights Issue is calculated based on the unaudited pro forma consolidated net tangible assets of the Group as at 31 December 2023 attributable to owners of the Company of approximately HK\$29,544,000 divided by 381,792,000 Shares, which represents 127,264,000 Adjusted Shares assumed to be in issue as at 31 December 2023 and 254,528,000 Rights Shares, assuming the Share Consolidation has become effective and the Rights Issue has been completed on 31 December 2023.
7. Save as disclosed above, no adjustment has been made to the unaudited pro forma financial information of the Group to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2023.

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, from the independent reporting accountant, Fan, Chan & Co. Limited, Certified Public Accountants, Hong Kong

**B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION****To the directors of Wuxi Life International Holdings Group Limited**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Wuxi Life International Holdings Group Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Company as at 31 December 2023, and related notes (the “**Unaudited Pro Forma Financial Information**”) as set out on pages 1 to 2 of Appendix II of the Company’s circular dated 9 April 2024 (the “**Circular**”) in connection with the proposed capital reorganisation (the “**Capital Reorganisation**”) and the proposed rights issue on the basis of two rights shares for every one adjusted share of the Company (the “**Rights Issue**”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages 1 to 2 of Appendix II of the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Capital Reorganisation and the Rights Issue on the Group’s financial position as at 31 December 2023 as if the Capital Reorganisation and the Rights Issue had taken place as at 31 December 2023. As part of this process, information about the Group’s net tangible assets has been extracted by the Directors from the Group’s financial information for the year ended 31 December 2023, in respect of which an annual results announcement has been published.

Directors’ Responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1 “Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements” issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the GEM Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the GEM Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of the Capital Reorganisation and the Rights Issue on unadjusted financial information of the Group as if the Capital Reorganisation and the Rights Issue had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Capital Reorganisation and the Rights Issue would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the Capital Reorganisation and the Rights Issue, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the Capital Reorganisation and the Rights Issue in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

Fan, Chan & Co. Limited

Certified Public Accountants

Leung Kwong Kin

Practising Certificate Number: P03702

Hong Kong

9 April 2024

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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 circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. SHARE CAPITAL**(i) Share Capital as at the Latest Practicable Date:**

<i>Authorised:</i>	<i>HK\$</i>
<u>3,000,000,000</u>	<u>120,000,000</u>
Existing Shares of HK\$0.04 each	
<i>Issued and fully paid:</i>	
<u>1,272,640,000</u>	<u>50,905,600</u>
Existing Shares of HK\$0.04 each	

(ii) Immediately following the Capital Reorganisation having become effective (assuming no change in the number of issued Existing Shares (or the Adjusted Shares upon the Capital Reorganisation having become effective) from the Latest Practicable Date up to the Effective Date)

<i>Authorised:</i>	<i>HK\$</i>
<u>12,000,000,000</u>	<u>120,000,000</u>
Adjusted Shares of HK\$0.01 each	
<i>Issued and fully paid:</i>	
<u>127,264,000</u>	<u>1,272,640</u>
Adjusted Shares of HK\$0.01 each	

(iii) Share Capital immediately following the Capital Reorganisation becoming effective and upon completion of the Rights Issue (assuming no further issue of Adjusted Shares or repurchase of Shares on or before the completion of the Rights Issue (other than issue of the Rights Shares) and the Rights Issue is fully subscribed)

<i>Authorised:</i>		<i>HK\$</i>
<u>12,000,000,000</u>	Adjusted Shares immediately following the Capital Reorganisation becoming effective	<u>120,000,000</u>
<i>Issued and fully paid:</i>		
<u>127,264,000</u>	Adjusted Shares of HK\$0.01 each	<u>1,272,640</u>
<u>254,528,000</u>	Rights Shares to be allotted and issued under the Rights Issue	<u>2,545,280</u>
<u>381,792,000</u>	Shares in issue immediately upon completion of the Rights Issue	<u>3,817,920</u>

All the Existing Shares, Adjusted Shares and the Rights Shares in issue and to be issued rank and will rank *pari passu* in all respects with each other including rights to dividends, voting and return of capital. The Existing Shares, Adjusted Shares and the Rights Shares in issue and to be issued are or will be listed on GEM.

As at the Latest Practicable Date, the Company did not have any other derivatives, options, warrants, other securities or conversion rights or other similar rights which are convertible or exchangeable into, any Existing Shares or Adjusted Shares and no capital of any member of the Group was under option, or agreed conditionally or unconditionally to be put under option. The Company has no intention to issue or grant any convertible securities, warrants and/or options on or before the Record Date.

No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Existing Shares, the Adjusted Shares or the Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, there was no arrangement under which future dividends are waived or agreed to be waived.

3. DISCLOSURE OF INTERESTS

(a) Director's and chief executive's interest and short positions in shares and underlying shares and debentures of the Company or its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or (iii) pursuant to the Model Code of Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long position in the Shares and underlying shares of the Company

Name of Director	Capacity/ Nature of interest	Number of Existing Shares held/interested	Approximate percentage of shareholding
Mr. Liu Guanzhou	Beneficial owner	370,000,000	29.07

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange.

(b) Interests of substantial Shareholders

As at the Latest Practicable Date, so far as is known to any of the Directors or the chief executive of the Company, the following persons (other than a Director and the chief executive of the Company as disclosed above) had interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO, who is interested in 5% or more of any class of share capital carrying right to vote at the general meetings of the Company.

Name of Director	Capacity/ Nature of interest	Number of Existing Shares held/interested	Approximate percentage of shareholding
Ms. Zhang Jiahui	Interest of spouse	370,000,000 (Note)	29.07
Mr. Zhang Dong (張東)	Beneficial owner	143,565,955	11.28

Note: Ms. Zhang Jiahui is the spouse of Mr. Liu. Under the Securities and Futures Ordinance, Ms. Zhang is deemed to be interested in all the Company's shares in which Mr. Liu is interested.

The Board is not aware of (i) any other person who had any interests or short positions in the Shares or underlying Shares which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be required to be recorded in the register kept by the Company under section 336 of the SFO, nor (ii) any Director who was an employee or director of any substantial shareholder of the Company as at the Latest Practicable Date.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group other than contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).

5. COMPETING INTERESTS

To the best knowledge of the Directors, as at the Latest Practicable Date, none of the Directors and the controlling shareholders of the Company and employees of the Company nor their respective close associates had any business or interest which competed or might compete, either directly or indirectly, with the business of the Group or any other conflict of interest which any such person had or might have with the Group which would be required to be disclosed under Rule 11.04 of the GEM Listing Rules.

6. MATERIAL LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

7. DIRECTORS' INTERESTS IN ASSETS, CONTRACTS OR ARRANGEMENTS

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2023, the date to which the latest published audited accounts of the Group were made up. There was no contract or arrangement entered into by any member of the Group, subsisting as at the Latest Practicable Date, in which any of the Directors was materially interested and which was significant in relation to the business of the Group as a whole.

8. RISKS FACTORS

In compliance with the GEM Listing Rules, the Company sets out below the risk factors of the Group for the attention of the Shareholders and potential investors. The Directors believe that there are certain risks involved in the operations of the Group, which includes but are not limited to, the following:

- (a) the products of the Group are influenced by factors such as market demand, the number of active users, and competition from similar applications. A sustained decrease in user engagement or pricing power due to market oversaturation or innovation by competitors could negatively impact the developer's profitability;
- (b) the software and mobile applications market is highly competitive and evolves rapidly with technological advancements. Developers face challenges from rising development costs, changing user preferences, and the emergence of new, more efficient applications. Failure to innovate and adapt to market trends could lead to a decline in the developer's market share and financial performance;
- (c) the Group's trade receivables are subject to credit risk. If the counter-parties default on their settlements to the Group, the Group will suffer financial loss; and
- (d) the changes in the macro-economic situation and other factors such as instability of regulations, government policies and economy may have any adverse effect on the Group's business, financial condition and results.

9. MATERIAL CONTRACTS

Save for the sale and purchase agreement dated 14 December 2023 entered into between the Company and Emperor Capital Investment Holdings Limited, an Independent Third Party, in relation to the disposal of the entire equity interest of Major Worldwide Holdings Limited at a consideration of HK\$6.0 million, there is no other contract have been entered into by members of the Group within the two years immediately preceding the Latest Practicable Date which are or may be material.

10. QUALIFICATION AND CONSENT OF EXPERTS

The following is the qualification of the experts who have given opinion, letter or advice contained in this circular (the “**Experts**”):

Name	Qualification
Fan, Chan & Co. Limited	certified public accountants
Altus	a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO

As at the Latest Practicable Date, each of the above Experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letters or reports and the reference to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, none of the Experts had any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, none of the Experts had any interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2023, being the date to which the latest published audited accounts of the Company were made up.

11. EXPENSE

The expenses payable by the Company in connection with the Rights Issue, including financial adviser fees, printing, registration, translation, legal and accounting fees, are estimated to be approximately HK\$1.8 million.

12. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

Board of 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

Ms. Lam Yuen Man Maria

Mr. Fu Yan Ming

Audit CommitteeMr. Tai Chin Ho (*Chairman*)

Ms. Lam Yuen Man Maria

Mr. Fu Yan Ming

Nomination CommitteeMr. Tai Chin Ho (*Chairman*)

Ms. Lam Yuen Man Maria

Mr. Choi Pun Lap

Remuneration CommitteeMr. Tai Chin Ho (*Chairman*)

Ms. Lam Yuen Man Maria

Mr. Fu Yan Ming

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P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Principal place of business in Hong Kong

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8 A Kung Ngam Village Lane

Shaukeiwan, Hong Kong

Authorised representative

Mr. Hui Hung Kwan

Room H, 2/F

Manson Industrial Building

8 A Kung Ngam Village Lane

Shaukeiwan, Hong Kong

	<p>Mr. Choi Pun Lap Room H, 2/F Manson Industrial Building 8 A Kung Ngam Village Lane Shaueiwan, Hong Kong</p>
Company secretary	<p>Mr. Hui Hung Kwan A member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants</p>
Registrar in Hong Kong	<p>Tricor Tengis Limited 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong</p>
Cayman Islands principal registrar and transfer office	<p>Conyers Trust Company (Cayman) Limited Cricket Square Hutchins Drive, P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands</p>
Principal bankers	<p>Bank of China (Hong Kong) Limited 53/F Bank of China Tower 1 Garden Road Hong Kong</p>
Auditors	<p>Fan, Chan & Co. Limited Rooms 1007-1012, 10/F. K. Wah Centre 191 Java Road North Point, Hong Kong</p>
Legal adviser to the Company as to Hong Kong laws	<p>Hastings & Co. 5th Floor Gloucester Tower The Landmark 11 Pedder Street Central, Hong Kong</p>

Financial adviser	Emperor Corporate Finance Limited 23/F Emperor Group Centre 288 Hennessy Road Wanchai Hong Kong
Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders	Altus Capital Limited 21 Wing Wo Street Central Hong Kong

13. PARTICULARS OF THE DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Liu Guanzhou (“**Mr. Liu**”), aged 42, has been appointed as an executive Director and chairman of the Board of the Company with effect from 14 April 2023. He has over 13 years of experience in business directory publishing and strategic consultancy, and over 10 years of experience in digital marketing and software business, including rich sales channels and business network in the People’s Republic of China (the “**PRC**”).

Mr. Liu is the shareholder and authorised representative of several private companies which are engaging in electromechanical equipment, advertising, investment management and brand operation management. Mr. Liu has been a publisher and strategic consultant. Mr. Liu is mainly responsible for the general management and business development in the Greater China.

Ms. Liu Xingmei (“**Ms. Liu**”), aged 37, has been appointed as an executive Director of the Company with effect from 30 November 2023. She has over 7 years of experience in internet micro-business brand management, and over 2 years of experience in advertising e-commerce operation and management, including rich sales channels and business network in the People’s Republic of China (the “**PRC**”). Ms. Liu has won several awards in the e-commerce industry. Ms. Liu currently leads an e-commerce team of approximately 20,000 people in the advertising e-commerce business.

Mr. Choi Pun Lap (“**Mr. Choi**”), aged 46, has been appointed as an executive Director of the Company since June 2021. He is also a member of the nomination committee. Mr. Choi has extensive knowledge in corporate finance transactions in Hong Kong. He is well experienced for working in mergers & acquisition, analysing financial and market data, responsible for coordinating and supporting integration planning for acquisitions, and taking deals through the full process to successful completion. He is currently an executive director of Zhejiang United Investment Holdings Group Limited (stock code: 8366) and Simplicity Holding Limited (stock code: 8367), the shares of both

are listed on GEM of the Stock Exchange, an independent non-executive director of Sunway International Holdings Limited (stock code: 58), the shares of which are listed on the Main Board of the Stock Exchange, and Zhao Xian Business Ecology International Holdings Limited (formerly known as On Real International Holdings Limited) (stock code: 8245), the shares of which are listed on GEM of the Stock Exchange. Also, he is a principal of Absolute Value Business & Asset Valuation Limited which provides services of valuation, accounting and business solution to different companies in different industries. In the past, Mr. Choi was a financial controller of a company which is listed in GEM in 2019 and he was a senior audit manager in the audit department of HLB Hodgson Impey Cheng Limited (“**HLB**”) in Hong Kong. He has worked in HLB for more than ten years from February 2007 to December 2017.

Mr. Choi is a valuation practitioner of International Association of Certified Valuation Specialists since 2019. He is a member of Hong Kong Institute of Certified Public Accountants, a member of Certified Practising Accountants Australia and a member of Chartered Global Management Accountant. Mr. Choi graduated from Open University of Hong Kong with a Master of Law (Chinese Business Law) in Hong Kong in 2017. He obtained a Bachelor of Business (Accounting) from Central Queensland University in Australia in 2003 and further studied Postgraduate Diploma of Accounting in Monash University in Australia in 2005.

Non-executive Director

Ms. Li Hui Ling (“**Ms. Li**”), aged 42, has been appointed as a non-executive Director of the Company since February 2023. Ms. Li possesses over 18 years of experience in software and digital marketing and finance related duties. Ms. Li is the founder of several private companies which are engaging in software business development, digital marketing business development and website business development. In the course of her career, Ms. Li has been the chief marketing officer, the general manager and the chairman of the board.

Independent non-executive Directors

Mr. Tai Chin Ho (formerly known as **Mr. Tai Man Tai**) (“**Mr. Tai**”), aged 39, has been appointed as an independent non-executive Director of the Company since October 2021. He is also member of each of the audit committee, remuneration committee and nomination committee.

Mr. Tai is a fellow member of The Hong Kong Institute of Certified Public Accountants. He obtained a Bachelors’ Degree in Accounting and Finance from University of Hertfordshire.

Mr. Tai possesses over 14 years of experience in professional accounting as well as technology business operation. In the past, Mr. Tai was responsible for financial management in a sizeable integrated fitting out company, the shares of which are listed on the Main Board of the Stock Exchange. Currently, Mr. Tai holds directorship in various private companies which are engaging in global intelligent logistics, eCommerce with big data management and professional services businesses.

Ms. Lam Yuen Man Maria (“**Ms. Lam**”), aged 54, has been appointed as an independent non-executive Director of the Company since September 2020. She is also member of each of the audit committee, remuneration committee and nomination committee.

Ms. Lam is currently an independent non-executive director of Century Group International Holdings Limited (Stock code: 2113), the shares of which are listed on the Stock Exchange, and of China Come Ride New Energy Group Limited (Formerly known as KNK Holdings Limited) (stock code: 8039), the shares of which are listed on GEM of the Stock Exchange. She is also a company secretary and an authorised representative of a Hong Kong listed company.

Ms. Lam holds a bachelor degree in Accountancy from The Hong Kong Polytechnic University, a master degree in Management from the Macquarie University and a master degree in Applied Psychology from City University of Hong Kong. She is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants, the Hong Kong Chartered Governance Institute (formerly known as the Hong Kong Institute of Chartered Secretaries), the Chartered Governance Institute (formerly the Institute of Chartered Secretaries and Administrators) and the Chartered Institute of Arbitrators. She is also an accredited mediator of the Hong Kong Mediation Accreditation Association Limited, a member and a qualified graphologist of the British Institute of Graphologists.

Prior to joining the Board, Ms. Lam has worked with an international accounting firm and other leading listed and private group of companies and has extensive experience in company secretarial practice, assurance, treasury and finance. She is currently providing management consultancy and corporate secretarial services to listed issuers and private companies, and graphology consultancy and training services.

Mr. Fu Yan Ming (“**Mr. Fu**”), aged 59, has been appointed as an independent non-executive Director of the Company since May 2021. He is also member of each of the audit committee and remuneration committee.

Mr. Fu is a fellow member of The Association of Chartered Certified Accountants. He obtained a Bachelors’ Degree of Business Administration from The Chinese University of Hong Kong.

Mr. Fu possess over 30 years of experience in accounting, audit, internal control, financial management, strategic business planning, corporate finance, merger and acquisition and corporate governance. He has worked for various sizeable organizations including accounting firms, pharmaceutical distribution company, TMT (Technology, Media and Telecommunications) companies, manufacturing companies and consultancy firm. During the past 15 years, he held various senior positions including financial controller and company secretary in main and GEM board listed companies of Hong Kong. Mr. Fu was an executive director of On Real International Holdings Limited, a company listed on the GEM of the Stock Exchange (stock code: 8245) from October 2016 to September 2019. Mr. Fu is currently an independent non-executive director of Zhejiang United Investment Holdings Group Limited (stock code: 8366), a company listed on the GEM of the Stock Exchange. Currently, Mr. Fu is the finance director of a consultancy firm which provide various advice to private investment funds.

Business address of the Directors

The business address of the Directors is the same as the Company's principal office in Hong Kong at Room H, 2/F, Manson Industrial Building, 8 A Kung Ngam Village Lane, Shaukeiwan, Hong Kong.

14. AUDIT COMMITTEE

As at the Latest Practicable Date, the audit committee of the Board comprises all the independent non-executive Directors, namely Mr. Tai Chin Ho, Ms. Lam Yuen Man Maria and Mr. Fu Yan Ming. The primary duties of the audit committee include the review of the Group's financial reporting process and the internal control systems as well as risk management of the Group.

15. DOCUMENTS ON DISPLAY

Copies of the following documents are will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.wuxilife.com.hk) for 14 days from the date of this circular:

- (a) the annual reports of the Company for each of the two financial years ended 31 March 2021, 2022 and the annual results announcement of the Company for the financial year ended 31 December 2023;
- (b) the letter of recommendation from the Independent Board Committee, the text of which is set out on pages 33 to 34 of this circular;
- (c) the letter of advice from the Independent Financial Adviser, the text of which is set out on pages 35 to 56 of this circular;

- (d) the accountants' report on the unaudited pro forma financial information of the Group, the text of which is set out in Appendix II to this circular;
- (e) the material contracts referred to in the paragraph headed "9. Material Contracts" of this appendix; and
- (f) the written consent referred to in paragraph headed "10. Qualification and Consent of Experts" of this appendix.

16. MISCELLANEOUS

- (a) As at the Latest Practicable Date, to the best knowledge of the Directors, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong;
- (b) As at the Latest Practicable Date, the Company has no significant exposure to foreign exchange liabilities;
- (c) As at the Latest Practicable Date, save as disclosed elsewhere in this circular, there was no material contract for the hire or hire purchase of plant to or by any member of the Group for a period of over a year which is substantial in relation to the Group's business; and
- (d) In the event of any inconsistency, the English texts of this circular and the accompanying form of proxy shall prevail over their respective Chinese texts.

NOTICE OF EGM



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**Meeting**”) of Wuxi Life International Holdings Group Limited (the “**Company**”) will be held Portion 2, 12/F., The Center, 99 Queen’s Road Central, Hong Kong on Thursday, 2 May 2024 at 11:00 a.m. for the purposes of considering and, if thought fit, passing with or without amendments, the following resolutions of the Company:

SPECIAL RESOLUTION

1. “**THAT**, subject to and conditional upon (i) an order being made by the Grand Court of the Cayman Islands (“**Court**”) confirming the Capital Reduction (as defined below) (if applicable); (ii) compliance with any condition which the Court may impose in relation to the Capital Reduction (if applicable); (iii) registration by the Registrar of Companies of the Cayman Islands of a copy of the order of the Court confirming the Capital Reduction and the minute approved by the Court containing the particulars required under the Companies Act, Cap. 22 (Law 3 of 1961), of the Cayman Islands in respect of the Capital Reduction (if applicable); and (iv) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Adjusted Shares (as defined below), with effect from the date on which these conditions are fulfilled (the “**Effective Date**”):
 - (a) every ten (10) issued and unissued shares of par value of HK\$0.04 each in the share capital of the Company be consolidated into one (1) share of par value of HK\$0.4 (each a “**Consolidated Share**”) in the share capital of the Company (the “**Share Consolidation**”);
 - (b) immediately following the Share Consolidation, (a) any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation be cancelled, and (b) the par value of each issued Consolidated Share 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 (the “**Capital Reduction**”);

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- (c) immediately following the Capital Reduction, each of the authorised but unissued Consolidated Shares of par value of HK\$0.4 each be sub-divided into forty (40) shares of par value of HK\$0.01 each (the “**Adjusted Shares**”) in the share capital of the Company (the “**Share Subdivision**”, together with the Share Consolidation and the Capital Reduction, the “**Capital Reorganisation**”);
- (d) the credit arising from the Capital Reduction be transferred to a distributable reserve account of the Company which may be utilised by the board (the “**Board**”) of directors (the “**Director(s)**”) in accordance with the memorandum and articles of association of the Company and all applicable laws, including, without limitation, eliminating or setting off any accumulated losses of the Company from time to time;
- (e) each of the Adjusted Shares arising from the Capital Reorganisation shall rank *pari passu* in all respects with each other and have the rights and privileges and be subject to the restrictions as contained in the memorandum and articles of association of the Company;
- (f) immediately following the Capital Reorganisation, the authorised share capital of the Company will be changed from HK\$120,000,000 divided into 3,000,000,000 shares of par value of HK\$0.04 each to HK\$120,000,000 divided into 12,000,000,000 shares of par value of HK\$0.01 each; and
- (g) the Directors be and are hereby authorised to do all such acts and things and execute all such documents, which are ancillary to the Share Consolidation, the Capital Reduction and the Share Subdivision, on behalf of the Company, including under seal where applicable, as they may consider necessary or expedient to give effect to, implement and complete the Share Consolidation, the Capital Reduction and the Share Subdivision.”

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ORDINARY RESOLUTION

2. **“THAT** subject to the passing of special resolution number 1 above and the satisfaction of the conditions set out in the letter from Letter from the Board under the heading “Conditions of the Rights Issue” in the circular of the Company dated 15 March 2024 (the **“Circular”**) (including The Stock Exchange of Hong Kong Limited granting and not having revoked the listing of and permission to deal in the Rights Shares (as defined below)):
- (a) the issue by way of rights (the **“Rights Issue”**) of a maximum of 254,528,000 Adjusted shares (the **“Rights Shares”** and each a **“Rights Share”**) at a subscription price of HK\$0.12 per Rights Share to the qualifying shareholders of the Company (the **“Qualifying Shareholders”**) whose names appear on the register of members of the Company on 12 June 2024 or such other date as may be determined by the Company for the determination of the entitlements under the Rights Issue (the **“Record Date”**) (other than those shareholders (the **“Non-Qualifying Shareholders”**) with registered addresses outside Hong Kong whom the Board, after making reasonable enquiries, considers it necessary or expedient not to offer the Rights Shares to them on account either of legal restrictions or prohibitions under the laws of the relevant jurisdictions or the requirements of the relevant regulatory body or stock exchange in such jurisdictions) on the basis of two (2) Rights Shares for every one (1) Adjusted Share of the Company then held on the Record Date and pursuant to the terms and conditions as set out in the Circular (a copy of which marked “A” is produced to the Meeting and initialed by the chairman of the Meeting for the purpose of identification) of which this notice convening the Meeting forms part, be and is hereby approved;
 - (b) any one of the Directors be and is hereby authorised to allot and issue the Rights Shares (in their nil-paid form and fully-paid form) pursuant to and in connection with the Rights Issue notwithstanding the Rights Shares may be offered, allotted or issued otherwise than pro rata to the Qualifying Shareholders and, in particular, any Director be and is hereby authorised to make such exclusions or other arrangements in relation to fractional entitlements and/or the Non-Qualifying Shareholders as he/she deems necessary, desirable or expedient having regard to any restrictions or obligations under the memorandum and articles of association of the Company or the laws of, or the rules and regulations of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong; and

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- (c) any one of the Directors be and is hereby authorised to do all such acts and things, as he/she may in his/her discretion consider necessary, desirable or expedient, for the purposes of or in connection with the implementation of the Rights Issue and the transactions contemplated thereunder, including but not limited to the execution of all such documents under seal where applicable, as he/she considers necessary or expedient in his/her opinion to implement and/or give effect to the Rights Issue and the implementation of all transactions contemplated thereunder, including but not limited to the issue and allotment of Rights Shares and to agree with such variation, amendment or waiver as, in his opinion, appropriate and in the interests of the Company and its shareholders as a whole.”

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

Hong Kong, 9 April 2024

Notes:

1. Any member entitled to attend, speak and vote at the Meeting will be entitled to appoint a proxy or, if such member is a holder of two or more shares, proxies to attend, speak and vote in such member's stead. A proxy need not be a member of the Company but must attend the Meeting in person to represent the appointing member.
2. To be valid, the form of proxy, together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, must be deposited at the Hong Kong branch share registrar and transfer office of the Company, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for holding the Meeting (i.e. by 11:00 a.m. on Tuesday, 30 April 2024 or any adjournment thereof).
3. Completion and return of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the Meeting convened or any adjournment thereof (as the case may be) and in such event the instrument appointing the proxy shall be deemed to be revoked.
4. Where there are joint holders of any share, any one of such joint holders may vote at the Meeting, either in person or by proxy, in respect of such share as if he/she/it were solely entitled thereto, but if more than one of such joint holders be present at the Meeting, whether in person or by proxy, the one of the said joint holders so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.

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5. To ascertain shareholders' eligibility to attend, speak and vote at the Meeting, the register of members of the Company will be closed from Thursday, 25 April 2024 to Thursday, 2 May 2024, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to qualify to attend, speak and vote at the Meeting, all transfers of share ownership, accompanied by the relevant share certificates, must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Wednesday, 24 April 2024.
6. References to time and dates in this notice are to Hong Kong time and dates.

As at the date of this notice, the Directors of the Company are:

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

Ms. Lam Yuen Man Maria

Mr. Fu Yan Ming