

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

**PROPOSED CONTINUING CONNECTED TRANSACTIONS RELATING TO
THE ENTRY OF THE VIE AGREEMENTS**

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**



THE VIE AGREEMENTS

The Board is pleased to announce that on 28 July 2026 (after trading hours of the Stock Exchange), Wuxi Information, the OPCO and the PRC Equity Owner agree and propose to enter into the VIE Agreements in connection with the operation of the “Pingou” APP in the PRC. The VIE Agreements comprise different agreements to be entered into by different combinations of Wuxi Information, the OPCO and/or the PRC Equity Owner.

The “Pingou” APP is intended to operate as a comprehensive e-commerce platform in the PRC, conducting (i) self-operated sales, (ii) third-party merchant marketplace business, (iii) livestreaming, (iv) online community interaction and entertainment content sharing and broadcast, (v) social networking functions (including one-on-one and multi-party group chat and voice chat) and (vi) advertising services.

As advised by the PRC Legal Adviser, the operating entity of the “Pingou” APP is required to obtain, among others, the EDI Licence, the ICP Licence, the Multi-party Communication Licence and the Network Culture Operation Licence. As most of the aforesaid licences are subject to foreign investment restrictions or prohibitions under PRC Laws and regulations, the Group cannot directly hold equity interests in the operating entity of the “Pingou” APP.

Accordingly, the Group will, through Wuxi Information, enter into the VIE Agreements with OPCO and the PRC Equity Owner so as to obtain effective control over the business operations of OPCO and the economic benefits generated therefrom. Upon the entry of the VIE Agreements, the financial results of OPCO will be consolidated into the consolidated financial statements of the Group in accordance with the applicable accounting standards.

GEM LISTING RULES IMPLICATIONS

As at the date of this announcement, OPCO is and will be wholly-owned by the PRC Equity Owner, who is the controlling shareholder of the Company. Accordingly, each of the PRC Equity Owner and the OPCO is a connected person of the Company under Chapter 20 of the GEM Listing Rules. The transactions contemplated under the VIE Arrangement constitute continuing connected transactions of the Company under the GEM Listing Rules.

Application for Waiver under Chapter 20 of the GEM Listing Rules

The Company has applied to the Stock Exchange for a waiver from strict compliance with Rules 20.50 and 20.51 of the GEM Listing Rules in respect of, among other things, (i) the requirement of setting an annual cap for the transactions under the VIE Agreements under Rule 20.51 of the GEM Listing Rules; and (ii) the requirement of limiting the term of the VIE Agreements to three years or less under Rule 20.50 of the GEM Listing Rules. Such waiver has been granted as at the date of this announcement, subject to the conditions contemplated under the paragraph headed “Waiver Conditions” hereinbelow.

Nevertheless, as the transactions contemplated under the VIE Arrangement constitute continuing connected transactions of the Company under the GEM Listing Rules, it shall be subject to the announcement, Independent Shareholders’ approval, reporting and annual review requirements under Chapter 20 of the GEM Listing Rules.

GENERAL

The Independent Board Committee, comprising all the independent non-executive Directors, namely Ms. Lai Pik Chi, Peggy, Mr. Fu Yan Ming and Mr. Xia Qiankun, has been established to advise the Independent Shareholders on the terms of the VIE Agreements and the transactions respectively contemplated thereunder. Merdeka has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the VIE Agreements and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on whether to vote in favour of the resolutions to be proposed for approving the VIE Agreements and the transactions contemplated thereunder at the EGM. In connection with the Company’s application for a waiver from strict compliance with Rule 20.50 of the GEM Listing Rules, the Independent Financial Adviser is expected to explain, among other things, why the duration of the VIE Agreements, which exceeds three years, may constitute a special circumstance under Rule 20.50 of the GEM Listing Rules and is required for the nature of the transactions, and whether it is normal business practice for contracts of this type to be of such duration.

An EGM will be convened for the Independent Shareholders to approve the VIE Structure (including the VIE Agreements and the transactions contemplated thereunder). In view of Mr. Liu Guanzhou's equity interests in the Company, Mr. Liu Guanzhou and his associates are deemed to have material interests in the VIE Agreements and the transactions contemplated thereunder and are required to abstain from voting at the EGM for the ordinary resolutions in respect of the entry of VIE Agreements.

A circular containing, among other things, (i) details about the VIE Arrangement, (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders, (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, and (iv) the notice convening the EGM will be despatched to the Shareholders on or before 18 August 2026.

INTRODUCTION

The Board is pleased to announce that on 28 July 2026 (after trading hours of the Stock Exchange), Wuxi Information, the OPCO and the PRC Equity Owner agree and propose to enter into the VIE Agreements in connection with the operation of the "Pingou" APP in the PRC.

Through the VIE Arrangement, Wuxi Information will obtain effective control over the finance, business and operations of OPCO and will be entitled to receive substantially all of the economic benefits generated by OPCO. Upon execution of the VIE Agreements, the financial results of OPCO will be consolidated into the consolidated financial statements of the Group in accordance with the applicable accounting standards.

VIE AGREEMENTS

A summary of the principal terms of the VIE Agreements is set out below:

(1) Exclusive Business Cooperation Agreement

Parties: (a) Wuxi Information

(b) the OPCO

Term: The Exclusive Business Cooperation Agreement shall become effective upon execution.

The Exclusive Business Cooperation Agreement may be terminated under the following circumstances:

(a) on the date that the OPCO goes liquidated, terminated or dissolved according to relevant laws within the validity period of the Exclusive Business Cooperation Agreement;

- (b) on such date that all the shares of the OPCO have been transferred to Wuxi Information or its designated party in accordance with the Exclusive Purchase Right Agreement;
- (c) on such date when it is legally permissible under the applicable and relevant PRC Laws and regulations for the direct holding of the OPCO and Wuxi Information is duly registered as the OPCO's sole equity owner; and
- (d) Wuxi Information terminates the Exclusive Business Cooperation Agreement by giving a prior written notice to the OPCO at any time during the valid period of the Exclusive Business Cooperation Agreement.

OPCO shall have no right to unilaterally terminate the agreement.

Subject – Details
of Business
Cooperation:

Pursuant to the Exclusive Business Cooperation Agreement, Wuxi Information shall act as the exclusive service provider to OPCO and provide OPCO with comprehensive business support, technical services and consulting services relating to the business of the OPCO, including but not limited to, technical services, technical consultation, business consultation, intellectual property licensing, equipment and leasing, marketing consultation, products research and development, system maintenance, and the provision of management consulting services related to the business operation of the OPCO, and in the circumstances permitted by the applicable and relevant PRC Laws and regulations, the provision at times of any other consultation and other ancillary services in connection with the operation of the “Pingou” APP and the business carried on by OPCO.

Unless with the prior written consent of Wuxi Information, the OPCO shall not accept any consultation and/or services from any third party, and shall not cooperate with any third party. However, Wuxi Information may designate any third party to accept any consultation and/or services to the OPCO.

Fee:

In consideration of the services provided by Wuxi Information, the OPCO shall pay Wuxi Information such service fees equivalent to 100% of the net income (i.e. the net profit after tax) of the OPCO. OPCO shall pay service fees to Wuxi Information annually. The amount and calculation method of such service fees shall be determined by Wuxi Information in accordance with the services rendered, the operating needs of OPCO and PRC Laws, with a view to enabling Wuxi Information to obtain substantially all of the economic benefits generated by OPCO.

(2) Exclusive Purchase Right Agreement

- Parties:
- (i) Wuxi Information
 - (ii) the PRC Equity Owner
 - (iii) the OPCO
- Term:
- The Exclusive Purchase Right Agreement shall become effective upon execution and shall remain effective unless terminated by Wuxi Information upon prior written notice or upon the lawful transfer of all the equity interests in OPCO and/or all the operating assets of OPCO to Wuxi Information or its designee(s).
- Other than Wuxi Information and such designated person(s) by Wuxi Information, no third party shall be entitled to the purchase right pursuant to the Exclusive Purchase Right Agreement or any rights related to the shares in the OPCO and the assets of the OPCO.
- Subject:
- Pursuant to the Exclusive Purchase Right Agreement, the PRC Equity Owner shall irrevocably grant to Wuxi Information, to the extent permitted under PRC Laws, an exclusive right to purchase, or designate one or more persons to purchase, all or part of the equity interests in OPCO held by him to the extent permitted by the PRC Laws the nominal consideration of HK\$1.00.
- The agreement shall also provide that, prior to the completion of any such equity acquisition, Wuxi Information shall possess management rights over OPCO and shall have the exclusive right to purchase all or part of the operating assets of OPCO to the extent permitted under PRC Laws.
- Consideration:
- The consideration for the exercise of such purchase right pursuant to the Exclusive Purchase Right Agreement shall be in nominal amount, unless another price is required by the applicable and relevant PRC Laws and regulations, in which case, such purchase right pursuant to the Exclusive Purchase Right Agreement shall be exercised in the legally minimum amount as consideration.
- In the event that the applicable and relevant PRC Laws and regulations permit Wuxi Information to register itself as the equity interest holder of the OPCO, the VIE Arrangement shall be unwound as soon as possible with any payment made by Wuxi Information returned in whole by the PRC Equity Owner.

Any consideration received by PRC Equity Owner for the transfer of equity interests in OPCO shall, to the extent permitted under PRC Laws, be returned to Wuxi Information and/or its designated party.

It is provided that:

- (i) Wuxi Information will exercise the purchase right as soon as the applicable and relevant PRC Laws and regulations permit Wuxi Information to register itself as the equity interest holder of the OPCO; and
- (ii) in the event of the winding up of the OPCO, the liquidator appointed shall act in accordance with the Exclusive Purchase Right Agreement to seize and transfer the assets and benefits of the OPCO to Wuxi Information (with waiver of any obligation of payment on the part of Wuxi Information).

(3) Equity Pledge Agreement

- Parties:
- (i) Wuxi Information, as pledgee
 - (ii) the OPCO
 - (iii) the PRC Equity Owner, as pledgor

Term: The Equity Pledge Agreement shall become effective upon execution and the equity pledge thereunder takes effect from the I&C Registration Date and the term shall end upon:

- (a) all contractual obligations pursuant to the VIE Agreements have been fulfilled and discharged;
- (b) the exercise of the such purchase right by Wuxi Information pursuant to the Exclusive Purchase Right Agreement;
- (c) Wuxi Information exercising its sole discretion to demand the termination of the Equity Pledge Agreement; or
- (d) it is terminated in accordance with the applicable and relevant PRC Laws and regulations.

The OPCO has no right to terminate the Equity Pledge Agreement unilaterally.

Subject: Pursuant to the Equity Pledge Agreement, the PRC Equity Owner shall pledge all of his equity interests in OPCO to Wuxi Information as security for the performance of his obligations and the obligations of OPCO under the VIE Agreements, including but not limited to the payment of service fees by OPCO to Wuxi Information under the Exclusive Business Cooperation Agreement.

The OPCO consents to such pledge stated above under the Equity Pledge Agreement.

The PRC Equity Owner undertakes to Wuxi Information, among others, that except for the performance of the Exclusive Purchase Right Agreement, without the prior written consent of Wuxi Information, the OPCO shall not, or allow others to, transfer all or any part of the shares, create or allow any security interest or other encumbrance that may affect the rights and interests of Wuxi Information in the equity interest in the OPCO.

Enforcement: In the event of breach by OPCO and/or the PRC Equity Owner of any obligation under the Exclusive Business Cooperation Agreement, Wuxi Information shall be entitled to enforce its rights under the Equity Pledge Agreement and have priority in receiving the proceeds from the disposal of the pledged equity interests in accordance with PRC Laws.

(4) Letter of Authorisation for Shareholder Rights

Parties: (i) Wuxi Information, as grantee
(ii) the PRC Equity Owner, as grantor

Term: The Letter of Authorisation for Shareholder Rights shall become effective upon execution and shall remain effective throughout the term of the VIE Agreements unless (i) Wuxi Information acquires (or becomes entitled under PRC law to acquire) ownership in the entire equity interest or all assets of the OPCO; or (ii) terminated by Wuxi Information.

Subject: Pursuant to the Letter of Authorisation for Shareholder Rights, the PRC Equity Owner shall irrevocably authorise Wuxi Information or its designated person(s) to exercise all shareholder rights attached to his equity interests in OPCO, including but not limited to:

(i) convening and attending shareholders' meetings and board meetings of OPCO;

- (ii) exercising all shareholder voting rights under the applicable laws and the articles of association of OPCO (including but not limited to the disposal, transferring and pledging of the equity interest of the PRC Equity Owner in the OPCO; and the handling of necessary filing of documents and signing of minutes of the OPCO);
- (iii) designating, appointing and changing the legal representative, directors, supervisors, general manager and other senior management of OPCO;
- (iv) managing and disposing of any assets and business of OPCO;
- (v) fully controlling and managing the finance, accounting and daily operations of OPCO; and
- (vi) receiving all dividends, distributions and other economic benefits arising from the equity interests in OPCO held by the PRC Equity Owner.

(5) Confirmation Letter

Party: the PRC Equity Owner

Subject: Pursuant to the Confirmation Letter, the PRC Equity Owner shall confirm and undertake that, in the event of death, loss of capacity, divorce or any other circumstance which may affect his exercise of the equity interests in OPCO, the ownership and disposal rights in respect of such equity interests shall be dealt with in accordance with the VIE Agreements and the instructions of Wuxi Information to the extent permitted under PRC Laws.

The PRC Equity Owner shall further confirm that the equity interests in OPCO held by him shall not be disposed of as his personal estate, marital joint property or personal assets in a manner inconsistent with the VIE Agreements, and that his heirs, guardians, creditors, spouse or any other person who may acquire the equity interests in OPCO or related rights for any reason shall remain bound by the VIE Agreements.

(6) Spouse Undertaking Letter

Party: the spouse of the PRC Equity Owner (i.e. Ms. ZHANG Jiahui (張佳慧))

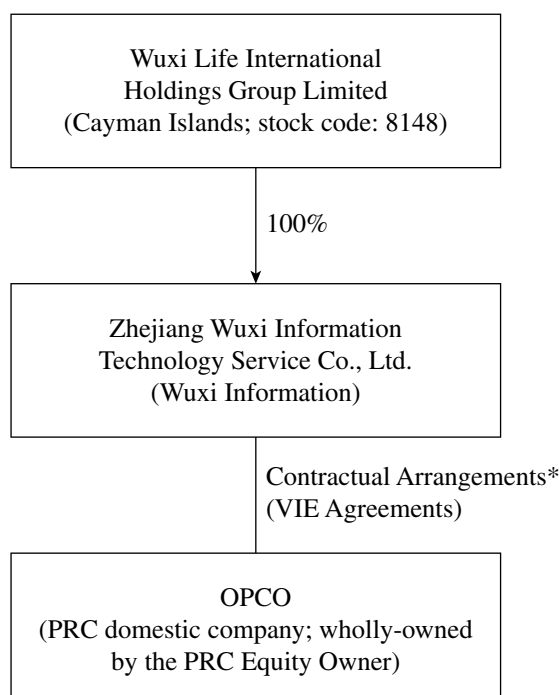
Subject: Pursuant to the Spouse Undertaking Letter, the spouse of the PRC Equity Owner shall undertake that (i) the equity interests in OPCO held by the PRC Equity Owner and all income and benefits derived therefrom shall be the individual property of the PRC Equity Owner and do not constitute marital joint property; (ii) he/she waives any co-ownership rights and any other rights or interests in respect of such equity interests and income; (iii) in the event of any change in marital status, he/she shall not make any claim for division of such equity interests or income; and (iv) if he/she acquires any equity interests in OPCO for any reason, he/she shall be bound by the VIE Agreements.

For the avoidance of doubt, all of the VIE Agreements prescribed above will only be executed after the approval of the VIE Arrangement has been obtained by means of ordinary resolution(s) passed in the EGM. Such VIE Arrangement will take effect thereafter.

The VIE Agreements' inclusion of the Letter of Authorisation for Shareholder Rights, the Confirmation Letter and the Spouse Undertaking Letter is for the purpose of addressing any potential conflict of interests and risks arising from death, incapacity, divorce or other circumstances affecting the registered shareholder of OPCO.

DIAGRAM OF THE VIE STRUCTURE

The following diagram sets out the VIE Structure:



* *The following contractual arrangements are in place among Wuxi Information, OPCO and/or the PRC Equity Owner:*

- 1. Exclusive Business Cooperation Agreement;*
- 2. Exclusive Purchase Right Agreement;*
- 3. Equity Pledge Agreement;*
- 4. Letter of Authorisation for Shareholder Rights;*
- 5. Confirmation Letter;*
- 6. Spouse Undertaking Letter*

For the avoidance of doubt, the PRC Equity Owner, Mr. Liu Guanzhou (an executive Director), is the sole director of the OPCO, in which he owns 100% of its equity interest.

Information about Wuxi Information and the OPCO

The Company is an exempted company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on GEM of the Stock Exchange (stock code: 8148).

Wuxi Information is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company.

The Group proposes to launch the “Pingou” APP in the PRC as a comprehensive e-commerce platform. The principal business activities proposed to be carried out through the “Pingou” APP include:

- (i) self-operated sales of products by the Group;
- (ii) provision of online marketplace services to third-party merchants for product retail;
- (iii) livestreaming services, including product livestreaming and entertainment livestreaming;
- (iv) online community interaction and entertainment content sharing and broadcast functions;
- (v) social networking functions, including one-on-one chat, multi-party group chat and voice chat; and
- (vi) advertising services for merchants.

OPCO is a company established in the PRC with limited liability and will be wholly-owned by the PRC Equity Owner. OPCO is intended to act as the operating entity of the “Pingou” APP in the PRC. The Group does not directly hold any equity interest in OPCO.

The “Pingou” APP is developed by the Company and for the deriving of income via the “Pingou” APP as a result of the VIE Arrangement, no consideration shall be payable to the PRC Equity Owner.

INFORMATION OF THE COMPANY AND THE GROUP

The Company is an investment holding company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on GEM of the Stock Exchange.

The Group is principally engaged on three segments of businesses, being (i) software platform business; (ii) advertising e-commerce and supply chain management services business; and (iii) sales of products business.

BACKGROUND AND REASONS FOR USE OF THE VIE STRUCTURE

Required Licences and Foreign Investment Restrictions

As advised by the PRC Legal Adviser, the operating entity of the “Pingou” APP is required to obtain the following principal licences and permits in the PRC:

- (i) an EDI Licence for online data processing and transaction processing services, which is required because the “Pingou” APP will allow third-party merchants to enter the platform and conduct online transactions;
- (ii) an ICP Licence for information services, which is required because the “Pingou” APP will provide online advertising, product information, livestreaming and online interactive communication services;
- (iii) a Multi-party Communication Licence, which is required because the “Pingou” APP will provide multi-party group chat and voice chat functions; and
- (iv) a Network Culture Operation Licence, which is required because the “Pingou” APP will carry out livestreaming business and upload certain livestream content as videos.

Save and except for the necessary fees and expenses associated with the license registration in PRC, there are no other upfront consideration payable with respect to the establishment of the VIE Arrangement.

Under the Special Administrative Measures for Foreign Investment Access (Negative List) (2024 Edition) and the relevant PRC Laws and regulations, the foreign investment restrictions applicable to the aforesaid licences are as follows:

- (i) no foreign ownership restriction applies to the EDI Licence;
- (ii) foreign ownership in an entity holding the ICP Licence must not exceed 50%;
- (iii) no foreign ownership restriction applies to the Multi-party Communication Licence; and
- (iv) foreign investment in an entity holding the Network Culture Operation Licence is prohibited.

Business Inseparability

The Board has been advised by the PRC Legal Adviser that the proposed businesses of the “Pingou” APP are highly integrated and inseparable. The core of the proposed businesses is livestreaming and sales. The “Pingou” APP uses livestreaming as its core engine, focuses on its principal business of product sales, and achieves efficient traffic acquisition and precise promotion through immersive and scenario-based livestreaming, thereby creating an instant consumption conversion closed loop of “see and buy” and “watch and purchase”. As livestreaming is the “Pingou” APP’s core traffic gateway, users enter the platform through livestreaming and develop purchase interest through livestreaming. Livestreaming and sales share the same user journey, traffic means customers, and customers mean orders; the two cannot be separated. At the same time, through immersive livestreaming, users complete “see and buy” within the same space, where product explanations, experience demonstrations and instant ordering are all completed together. Livestreaming integrates product display, sales guidance and transaction completion into one. Therefore, the livestreaming and sales businesses of the “Pingou” APP are highly related and inseparable.

In fact, the “Pingou” APP proposes to launch livestreaming and social interaction functions for everyday life content. Users may share products within the APP through life-related or performance-related reward livestreaming or by uploading videos, with corresponding purchase links attached. Other users may place orders directly within the APP when viewing such livestreams or videos. These features help drive community traffic and continuously bring new traffic to the “Pingou” APP. At the same time, the relevant livestreaming and social interaction features also help increase user stickiness to the “Pingou” APP, making users accustomed to using the APP and to completing purchases while watching livestreams or videos. Therefore, these features help further grow the core livestreaming sales business of the “Pingou” APP and are also highly related and inseparable from it.

In addition, the various business modules of the “Pingou” APP, including e-commerce transactions, livestreaming, community interaction, social networking and advertising, are expected to share the same user account system, payment system, data analysis system and technical infrastructure. The separation of such businesses into different operating entities would lead to fragmented user experience, duplicated operational and technical structures, substantially increased costs and loss of competitiveness.

Furthermore, the Directors have further sought the advice from the PRC Legal Adviser with respect to the operations of the “Pingou” APP, it is noted that pursuant to the relevant laws, rules and regulations of the PRC (i.e. Article 4 of the Administrative Measures for the Licensing of Telecommunications Business Operations* 《電信業務經營許可管理辦法》), the following is stated, “any entity engaging in telecommunications business operations shall, in accordance with the law, obtain an operating permit issued by the telecommunications regulatory authority”; and furthermore, pursuant to Article 8 of the Interim Provisions on the Administration of Internet Culture (Revised in 2017)* 《互聯網文化管理暫行規定(2017修訂)》, it is provided that “an application for engaging in commercial internet cultural activities shall be submitted to the cultural administrative department of the people’s government at the provincial, autonomous region, or municipal level where the applicant is located, and shall be subject to the review and approval of such authority...”.

The “Pingou” App, as an entity engaging in the aforementioned value-added telecommunications services and commercial internet cultural activities, is required to apply for the relevant qualifications and licences. Moreover, pursuant to the Provisions on the Administration of Mobile Internet Application Information Services* 《移動互聯網應用程式資訊服務管理規定》, a mobile internet application provider refers to the owner or operator of a mobile internet application that provides information services. Where an application provider offers other internet information services that, in accordance with the law, require review and approval by the relevant competent authorities or the obtaining of relevant permits, such services may only be provided after obtaining the requisite approval or licences. Accordingly, a platform such as the “Pingou” APP is an entity controlled by the Company, and such operating entity must uniformly apply for all relevant qualifications and licences and it is not permissible split or separated into different entities to separately carry out businesses and operations covered by the EDI Licence, ICP Licence, Multi-party Communication Licence and Network Culture Operation Licence.

Based on the above, since the EDI Licence, ICP Licence, Multi-party Communication Licence and Network Culture Operation Licence must all be held by the same operating entity, and the Company cannot use the VIE arrangement only in respect of the ICP Licence and the Network Culture Operation Licence, nor can it acquire the entity holding the EDI Licence and the Multi-party Communication Licence separately, the operating entity of the “Pingou” App must not be held by foreign shareholders and must be wholly-owned by domestic shareholders.

Necessity of the VIE Structure

As the most restrictive licences required for the operation of the “Pingou” APP prohibit foreign investment, the operating entity of the “Pingou” APP must be wholly-owned by PRC domestic shareholder(s). As the Group is ultimately held through offshore entities and foreign investment is involved in its onshore holding structure, the Group cannot directly hold equity interests in OPCO while enabling OPCO to obtain all licences required for the operation of the “Pingou” APP.

Accordingly, the Board considers that the VIE Structure is necessary and narrowly tailored to enable the Group to conduct the “Pingou” APP business in compliance with PRC Laws and regulations and to obtain effective control over, and economic benefits from, OPCO through contractual arrangements.

COMPLIANCE OF VIE AGREEMENTS WITH PRC LAWS, RULES AND REGULATIONS

The Directors have sought the advice from the PRC Legal Adviser to confirm, among others, (i) the utilisation of the VIE Arrangement and the VIE Agreements does not constitute a breach of (a) the applicable PRC Laws and regulations applicable to the business of the OPCO; and (b) the articles of association of the OPCO and/or Wuxi Information; (ii) the VIE Agreements are legal and valid once executed, and the VIE Agreements under the VIE Arrangement will not be deemed invalid under the PRC Civil Code due to “malicious collusion to harm the legitimate rights and interests of others.” With reference to the PRC Civil Code coming into effect on January 1, 2021, with the Contract Law of the People’s Republic of China simultaneously repealed, the PRC Civil Code no longer stipulates the statutory ground of “using a legal form to conceal an illegal purpose” to invalidate a contract; and instead the PRC Civil Code stipulates several circumstances that would render a civil legal act invalid, including the aforementioned “malicious collusion to harm the legitimate rights and interests of others” as stipulated in Article 154 of the PRC Civil Code. Since the provisions on such civil legal acts also apply to the validity of the legal documents governing this contract arrangement, these legal documents do not fall under the circumstances that would render them invalid under Article 154 of the PRC Civil Code; and (iii) save for the clause providing that the arbitration tribunal may award injunctive relief or winding up orders and that the courts in Hong Kong, the Cayman Islands and the PRC may grant temporary injunctive relief or other temporary remedies, which may not be enforceable under PRC law, the VIE Agreements are enforceable under the laws of the PRC, so as to confirm that the VIE Agreements conferring significant control and economic benefits from the OPCO to Wuxi Information would be enforceable under the relevant laws and regulations, and that the VIE Agreements will provide a mechanism that enables Wuxi Information to exercise effective control over the OPCO.

As at the date of this announcement, the OPCO has not encountered any interference or encumbrance from any governing bodies in operating its business. It is not aware of any interference or encumbrance by any governing bodies in operating the business of the OPCO that may be encountered under the VIE Agreements. As at the date of this announcement, save and except as disclosed in this announcement, it is not required for the Company to obtain regulatory approval and fulfill additional eligibility standards regarding the VIE Arrangement.

PROTECTION OF THE COMPANY’S INTERESTS (THROUGH WUXI INFORMATION) IN THE OPCO & CONFER OF CONTROL FROM OPCO TO WUXI INFORMATION

The Exclusive Purchase Right Agreement, the Equity Pledge Agreement and Letter of Authorisation for Shareholder Rights has included a provision that each agreement is binding on the successors and permitted assignees of the respective parties. In the event of death, bankruptcy, divorce or insolvency (including but not limited to being prosecuted) of the PRC Equity Owner, Wuxi Information may exercise its option under the Exclusive Purchase Right Agreement, thus protecting the interest of the Group and allowing Wuxi Information to enforce its rights under the VIE Agreements against the successors and permitted assignees of the equity interest holders of the OPCO.

In order to have effective control over and to safeguard the assets of the OPCO, the Exclusive Purchase Right Agreement and the Equity Pledge Agreement has provided that, without the prior written consent of Wuxi Information, the OPCO shall not, in any form, dispose of its significant assets (including but not limited to any significant customer resources, fixed assets, trademarks, technical knowhow or other intellectual property rights and/or other equity interests or similar interests held by the OPCO), operating rights and/or dispose of all or part of its business (including sale, replacement, mortgage or disposal in any other ways), with respect to it and/or its subsidiaries (if any).

In both the Exclusive Purchase Right Agreement, there are provisions stating that, without the prior written consent of Wuxi Information, (i) the OPCO shall not increase or decrease the registered capital or accept any investment or capital increase from any third parties to the OPCO or change the form of the company or make any major adjustments regarding carrying out liquidation or dissolution; or the business scope, mode, profit model, marketing strategy, business policy or customer relationship; (ii) the OPCO shall not enter into any partnership or joint venture or profit sharing arrangement with any third parties, or any other loan arrangements secured by OPCO's assets; and (iii) the OPCO shall not declare or distribute dividends or any other interests to its equity interest holders, including the after-tax profits that the OPCO has not yet allocated before the commencement of the VIE Agreements.

The VIE Agreements shall confer upon the Group sufficient control over the board and daily operations of the OPCO. The appointment of directors of the OPCO is subject to Wuxi Information being satisfied of the director's qualification and requires the explicit consent of Wuxi Information. If Wuxi Information is dissatisfied with the performance of the director(s) of the OPCO and proposes to remove such director(s), the OPCO shall remove such person(s) as director(s) upon Wuxi Information's proposal. Also, the OPCO shall agree with Wuxi Information that it will, and the PRC Equity Owner will cause the OPCO to, accept proposals put forward by Wuxi Information relating to the daily operations of the OPCO and employment of staff, operate all business of the OPCO in the ordinary course of business and refrain from any action or omission that may adversely affect the business of the OPCO.

DISPUTE RESOLUTION UNDER THE VIE AGREEMENTS

The Exclusive Business Cooperation Agreement, the Exclusive Purchase Right Agreement and the Equity Pledge Agreement shall provide that disputes arising thereunder shall be submitted to arbitration in accordance with the applicable arbitration rules.

Such agreements shall also provide that, subject to applicable laws and arbitration rules, the arbitral tribunal may award remedies over the equity interests in OPCO and/or the assets of OPCO, issue injunctive relief and/or make orders in relation to the conduct of business or the transfer of assets.

Moreover, the VIE Agreements shall provide that the arbitration tribunal may award remedies over the equity interests or assets of the OPCO or injunctive relief (e.g. for the conduct of business or to compel the transfer of assets) or order the winding up of the OPCO. The VIE Agreements also include a clause in relation to dispute resolution among the parties where, when awaiting the formation of the arbitration tribunal or otherwise under appropriate conditions, the parties thereto may seek temporary injunctive relief or other temporary remedies from the courts in Hong Kong, Cayman Islands, the PRC and the location where the principal assets of the Company and the OPCO are located. Last but not least, in the event of the winding up of the OPCO, it is also provided under the Exclusive Purchase Right Agreement that the liquidator appointed shall act in accordance with such agreement to seize and transfer the assets and benefits of the OPCO to Wuxi Information (with waiver of any obligation of payment on the part of Wuxi Information).

However, as advised by the PRC Legal Adviser, certain provisions relating to arbitration remedies and interim measures may not have clear basis under PRC Laws and may not be fully recognised or enforced by PRC arbitral institutions or courts during the enforcement stage. The Company will disclose such enforcement risk prominently in this announcement and in the circular to be issued to the Shareholders.

INTERNAL CONTROL MEASURES

The Group will implement the following internal control measures in respect of the VIE Structure and the operation of OPCO:

- (a) Financial controls
 - (i) Wuxi Information shall appoint the chief financial officer and finance personnel of OPCO;
 - (ii) the bank accounts of OPCO shall be managed by personnel designated by Wuxi Information;
 - (iii) all major financial decisions of OPCO shall require the prior approval of Wuxi Information; and
 - (iv) the financial statements of OPCO shall be regularly submitted to Wuxi Information for review.
- (b) Operational controls
 - (i) Wuxi Information shall appoint the general manager and core management personnel of OPCO;
 - (ii) all major business decisions of OPCO shall require the prior approval of Wuxi Information;

- (iii) all major contracts of OPCO shall be subject to the review of Wuxi Information;
 - (iv) for general housekeeping purpose, Wuxi Information shall have the custody of the constitutional items of the OPCO, including the company chop and seal; and
 - (v) At the request of Wuxi Information, the OPCO will provide Wuxi Information with the relevant legal documents the business records and operational data and other information of OPCO at any time.
- (c) Asset controls
- (i) all equity interests in OPCO held by the PRC Equity Owner shall be pledged to Wuxi Information under the Equity Pledge Agreement;
 - (ii) Wuxi Information shall have an exclusive right to acquire the equity interests in OPCO and the operating assets of OPCO to the extent permitted under PRC Laws;
 - (iii) the intellectual property used in the operation of the “Pingou” APP shall be owned by and/or licensed from Wuxi Information or its designated entity; and
 - (iv) OPCO shall not dispose of any material assets without the prior consent of Wuxi Information.
- (d) Compliance monitoring
- (i) the Group will establish a dedicated team to monitor the maintenance of the licences and permits required for the operation of the “Pingou” APP;
 - (ii) the Group will regularly review changes in PRC Laws and regulations affecting the VIE Structure; and
 - (iii) the Group will maintain regular communication with its PRC legal advisers to ensure ongoing compliance.

The Board considers that the above internal control measures, together with the VIE Agreements, are sufficient to enable the Group to monitor and exercise effective control over the operations of OPCO.

THE BOARD’S VIEW ON THE VIE AGREEMENTS

Based on the above, the Board is of the view that the VIE Agreements are narrowly tailored for the purposes of the business OPCO, are designed to minimise potential conflict with the relevant PRC Laws, and are enforceable under the relevant PRC Laws. The VIE Agreements enable Wuxi Information to gain control over the OPCO and to be entitled to the economic interests and benefits of the OPCO. Pursuant to the relevant provisions of the VIE Agreements, Wuxi Information has the right to unwind the VIE Agreements as soon as the relevant PRC Laws allow Wuxi Information to register itself as the shareholder of the OPCO, with any payment made by Wuxi Information for such unwinding to be returned in whole by the PRC Equity Owner.

The Directors further believe that save as disclosed, the VIE Agreements are enforceable under the relevant PRC Laws, and that the VIE Agreements will provide a mechanism that enables Wuxi Information to exercise effective control over the OPCO.

RISK FACTORS IN RELATION TO THE VIE AGREEMENTS

There is no assurance that the VIE Agreements could comply with future changes in the regulatory requirements in the PRC and the PRC government may determine that the VIE Agreements do not comply with applicable regulations

Although there is currently no indication that the VIE Agreements will be interfered with or objected to by any PRC regulatory authorities, the PRC Legal Adviser has advised that there is a possibility that the relevant PRC regulatory authorities may have different opinions on the interpretation of the relevant regulations and would not agree that the VIE Agreements comply with the current PRC Laws or those that may be adopted in future, and the authorities may deny the validity, effectiveness and enforceability of the VIE Agreements.

Moreover, uncertainties still exist regarding the interpretation and application of the PRC Laws and regulations especially in the segments of businesses conducted by the OPCO (which are now categorised as “**restricted**”). For instance, the PRC regulatory authorities may issue further guidelines that impose stricter foreign ownership requirements in that area of business. Given the uncertain legal and business environment in the PRC, it is difficult to foresee whether the PRC regulatory authorities will take the same view regarding the VIE Agreements as the legal adviser to the Company as to the PRC Laws in the future.

On 15 March 2019, the National People’s Congress promulgated the 2019 PRC Foreign Investment Law, which became effective on 1 January 2020. The 2019 PRC Foreign Investment Law replaces the trio of existing laws regulating foreign investment in the PRC, namely, the Wholly Foreign-owned Enterprises Law of the PRC, the Sino-foreign Equity Joint Ventures Law of the PRC, and the Sino-foreign Cooperative Joint Ventures Law of the PRC, together with their implementation rules and ancillary regulations, and embodies an expected PRC regulatory trend to rationalise its foreign investment regulatory regime in line with prevailing international practice and the legislative efforts to unify the corporate legal requirements for both foreign and domestic investments.

However, uncertainties still exist in relation to interpretation and implementation of the 2019 PRC Foreign Investment Law especially in regard to, including, among other things, the nature of VIE Arrangement. In case there would be material and adverse effect on the business of the OPCO arising from the 2019 PRC Foreign Investment Law, the Company will timely announce (i) any updates or material changes to the 2019 PRC Foreign Investment Law; (ii) if any updates or material changes to the 2019 PRC Foreign Investment Law are implemented, a clear description and analysis of the law, specific measures taken by the Company and/or the OPCO to be in compliance with the 2019 PRC Foreign Investment Law with the support of a PRC legal opinion; and (iii) any material impact of the 2019 PRC Foreign Investment Law on the OPCO's operations and financial position (if any). The VIE Arrangement has been adopted by many PRC-based companies to obtain necessary licenses and permits in the industries that are currently subject to ownership and/or foreign investment restrictions in the PRC. While neither the 2019 PRC Foreign Investment Law and its implementation regulations which took effect on 1 January 2020 has defined the VIE Arrangement as a form of foreign investment explicitly, it cannot be guaranteed that future laws and regulations will not provide for the VIE Arrangement as a form of foreign investment. Therefore, there can be no assurance that the control over the OPCO through the VIE Arrangement will not be deemed as a foreign investment under the PRC's laws governing foreign investment and/or ownership of businesses engaged in provision of the principally-engaged businesses conducted by the OPCO in the future. In the event that any possible future laws, administrative regulations or provisions implementing more restrictions against the VIE Arrangement, the VIE Agreements may be deemed as invalid and illegal, and it may be required to unwind the VIE Arrangement and/or dispose of any affected business. Also, if future laws, administrative regulations or provisions mandate further actions to be taken with respect to the existing VIE Arrangement, the Group may face substantial uncertainties as to whether it can complete such actions in a timely manner, or at all.

The PRC government may determine that the VIE Agreements do not comply with the applicable PRC law, or if these regulations or their interpretations change in the future, the Group may be subject to penalties or be forced to relinquish its interests in those operations. There can be no assurance that the VIE Agreements will be deemed by the relevant PRC governmental or judicial authorities to be in compliance with the existing or future applicable PRC law, or the PRC relevant governmental or judicial authorities may in the future interpret the existing laws or regulations with the result that the VIE Agreements will be deemed to be in compliance of the PRC law.

The VIE Agreements may not be as effective as direct ownership in providing control over the OPCO

The Group relies on the contractual arrangements under the VIE Agreements to operate the business of the OPCO. Such contractual arrangements may not be as effective in providing Wuxi Information with control over the OPCO as direct ownership. If Wuxi Information has direct ownership of the OPCO, it will be able to exercise its rights as a shareholder to effect changes in the board of directors of the OPCO, which in turn could effect changes, subject to any applicable fiduciary obligations, at the management level. However, under the VIE Agreements, the Group relies on the performance by the PRC Equity Owner of his obligations under the VIE Agreements to exercise control over the OPCO. Therefore, the VIE Agreements with the PRC Equity Owner may not be as effective in ensuring Wuxi Information's control over the OPCO as direct ownership would be.

The contractual arrangements may be subject to scrutiny of the PRC tax authorities and transfer pricing adjustments and additional tax may be imposed

The Group could face material adverse tax consequences if the PRC tax authorities determine that the arrangements under the VIE Agreements were not entered into based on arm's length negotiations. If the PRC tax authorities determine that these agreements were not entered into on an arm's length basis, they may adjust income and expenses of Wuxi Information and/or the OPCO for PRC tax purposes, which could result in higher tax liabilities on Wuxi Information and/or the OPCO.

The operating and financial results of the Group may be materially and adversely affected if the tax liabilities of the OPCO or those of Wuxi Information increase significantly or if they are required to pay interest on late payments and other penalties.

Certain terms of the VIE Agreements may not be enforceable under PRC Laws

The VIE Agreements provide that the arbitration tribunal of the PRC may award remedies over the equity interests or assets of the OPCO or injunctive relief (e.g. for the conduct of business or to compel the transfer of assets) or order the winding up of the OPCO. The VIE Agreements also include a clause in relation to dispute resolution among the parties where, when awaiting the formation of the arbitration tribunal or otherwise under appropriate conditions, the parties thereto may seek temporary injunctive relief or other temporary remedies from the courts in Hong Kong, Cayman Islands, the PRC and the location where the principal assets of the Company or the OPCO are located.

However, the PRC Legal Adviser is of the view that pursuant to the PRC Laws, the arbitration tribunal may have no power to grant the aforementioned remedies or injunctive relief or to order the winding up of the OPCO. In addition, even though the VIE Agreements provide that overseas courts (e.g. courts in Hong Kong and Cayman Islands) shall have the power to grant certain relief or remedies, such relief or remedies may not be recognised or enforced under the PRC Laws. As a result, in the event that the OPCO or any of the PRC Equity Owner breaches the terms of the VIE Agreements, the Company may not be able to obtain effective remedies in a timely manner, and its ability to exert effective control over the OPCO could be materially and adversely affected.

Furthermore, notwithstanding the relevant contractual provisions contained in the VIE Agreements, courts of competent jurisdiction may grant interim remedies only to the extent as permitted under the PRC Laws. Therefore, such interim remedies may not be available under the PRC Laws.

Conflict of Interests and Succession Matters

As at the date of this announcement, OPCO is and will be wholly-owned by the PRC Equity Owner, who is also the controlling shareholder of the Company. The Board considers that the interests of the PRC Equity Owner are closely aligned with those of the Company and its Shareholders as a whole.

Wuxi Information shall rely on the VIE Agreements to exercise control over and to draw the economic benefits from the OPCO. In the unlikely case that Wuxi Information may not be able to provide sufficient incentives to the PRC Equity Owner for the purpose of encouraging it/them to act in the best interests of the OPCO, other than stipulating the relevant obligations in the VIE Agreements, the PRC Equity Owner may cause the breach of the VIE Agreements in the event of conflicts of interest or deterioration of its/their relationship with Wuxi Information, the results of which may have a material adverse impact on Wuxi Information's business, prospects and results of operation. It is not assured that if conflicts arise, the PRC Equity Owner will act in the best interests of Wuxi Information or that the conflicts will be resolved in favour of Wuxi Information. If the PRC Equity Owners fail to perform its obligations under the respective VIE Agreements, Wuxi Information may have to rely on legal remedies under the PRC Laws through legal proceedings, which may be expensive, time-consuming and disruptive to Wuxi Information's operations and will be subject to uncertainties as discussed above.

Under the Letter of Authorisation for Shareholder Rights, the PRC Equity Owner irrevocably delegates to Wuxi Information the right to exercise all shareholder rights in OPCO. Under the Confirmation Letter, the PRC Equity Owner undertakes, among other things, that his heirs, guardians, creditors, spouse and any other person who may acquire the equity interests in OPCO or related rights for any reason shall remain bound by the VIE Agreements. Under the Spouse Undertaking Letter, the spouse of the PRC Equity Owner waives any rights or interests in respect of the equity interests in OPCO and the income derived therefrom and undertakes to be bound by the VIE Agreements if any such equity interests are acquired by him/her.

In light of the above, it is highly unlikely for any potential conflict of interests between the Group and the PRC Equity Owner with voting power, operational authorities, and key personnel appointment of OPCO controlled by Wuxi Information.

Last but not least, in order to further curb any possible conflict of interests, all such key persons responsible for exercising the rights granted by the PRC Equity Owner in Wuxi Information would be appointed by the Board, and the PRC Equity Owner shall abstain in any such resolution on the appointment. With respect to any actions on the VIE Arrangement (whether prior to its establishment in connection to the necessary filing of documents and signing of minutes or subsequent to its establishment), it has been, and will be continuously approved by Board resolutions passed with the PRC Equity Owner abstained from voting.

A substantial amount of costs and time may be involved in transferring the ownership of the OPCO to the Group under the Exclusive Purchase Right Agreement

In case Wuxi Information exercises its option to acquire all or part of the equity interests in the OPCO under the Exclusive Purchase Right Agreement, such acquisition may only be conducted to the extent as permitted by the applicable PRC Laws and will be subject to necessary approvals and relevant procedures under the applicable PRC Laws. In addition, the abovementioned acquisitions may be subject to a minimum price limitation (such as an appraised value for the equity interests in the OPCO) or other limitations as imposed by the applicable PRC Laws. Further, a substantial amount of taxes, other necessary costs (if any), expenses and time may be involved in transferring the ownership of the OPCO, which may have a material adverse impact on the Group's business, prospects and results of operation.

The Group may bear economic risk which may arise from difficulties in the operation of the OPCO

As the primary beneficiary of the OPCO, the Group will bear economic risks which may arise from difficulties in the operation of the OPCO's business. Wuxi Information will have to provide financial support in the event of financial difficulty of the OPCO. Under these circumstances, the Group's financial results and financial position may be adversely affected by the worsening financial performance of the OPCO and the need to provide financial support to the OPCO. Furthermore, when the financial results of the OPCO is consolidated into the financial statements of the Group, it is likely that the Company's business and financial position will be affected if the OPCO suffers losses or fails to obtain the requisite licences and approvals to continually operate its principally-engaged businesses in the PRC.

The Company does not have any insurance which covers the risks relating to the VIE Agreements and the transactions contemplated thereunder

The insurance of the Group does not cover the risks relating to the VIE Agreements and the transactions contemplated thereunder and the Company has no intention to purchase any new insurance in this regard. If any risk arises from the VIE Agreements in the future, such as those affecting the enforceability of the VIE Agreements and the relevant agreements for the transactions contemplated thereunder and the operation of VIE Agreements, the results of the Group may be adversely affected. However, the Group will monitor the relevant legal and operational environment from time to time to comply with the applicable laws and regulations. The Company will continue evaluating the feasibility, the cost and the benefit of insuring the transactions contemplated under the VIE Agreements.

ACCOUNTING TREATMENT OF THE VIE ARRANGEMENT

Based on the above, the Board is of the view that the VIE Agreements, when viewed in totality, are specifically tailor-made to achieve the business purposes of the OPCO and to minimise the potential conflict with and are enforceable under the applicable and relevant PRC Laws and regulations. The Board considers that the VIE Agreements are an effective mechanism which enables Wuxi Information to gain control over the OPCO, and to be entitled to the economic interests and benefits of the OPCO. The Exclusive Purchase Right Agreement also provides that Wuxi Information will unwind the VIE Arrangement as soon as the applicable and relevant PRC Laws and regulations permit Wuxi Information to register itself as the equity interest holder of the OPCO.

The Board, based on the advice of the legal adviser to the Company as to the PRC Laws, consider that the use of VIE Agreements is in compliance with the applicable and relevant laws and regulations of the PRC currently in effect and are legally binding and enforceable. As a result of the VIE Arrangement, the Group is able to exert effective control over the OPCO with its rights to exercise power over the OPCO (as entitled by the PRC Equity Owner), receive variable returns from its arrangements with the OPCO, and has the ability to affect those returns through its power over the OPCO upon the execution of the VIE Agreements.

Consequently, the Group (as enlarged by the effective control over the OPCO) will treat the OPCO and/or any of its subsidiaries (if any) as controlled entities and consolidate the financial position and results of operations of these entities in the consolidated financial statements of the Group in accordance with HKFRS 10 – Consolidated Financial Statements upon the execution of the VIE Agreements. The Company has discussed with its auditors and confirmed the above assessment.

As at the date of this announcement, the Directors are not aware of any factors that has led or would lead to any interference or encumbrance from any governing bodies in the Group’s operating the business of the OPCO through the VIE Arrangement under the VIE Agreements.

COMMERCIAL BENEFITS OF THE TRANSACTIONS

The Board believes that the adoption of the VIE Structure for the operation of the “Pingou” APP will bring the following commercial benefits to the Group:

- (i) it enables the Group to enter into and expand its presence in the PRC e-commerce market through a comprehensive platform integrating e-commerce, livestreaming, community interaction, social networking and advertising services;
- (ii) it enables the Group to obtain effective control over the finance and operations of OPCO and to enjoy substantially all of the economic benefits generated by OPCO through the VIE Agreements;
- (iii) it facilitates the Group’s future business development in the PRC through the accumulation of user traffic, user data and market insights generated by the “Pingou” APP;
- (iv) it provides multiple potential income streams to the Group, including income from self-operated sales, platform services, livestreaming-related business and advertising; and
- (v) it enables the Group to comply with PRC foreign investment restrictions while preserving the flexibility to unwind the VIE Structure and acquire direct equity interests in OPCO if and when permitted under PRC Laws.

The Board (excluding the independent non-executive Directors, whose view will be given after considering the advice of the Independent Financial Adviser) considers that the terms of the VIE Agreements and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms, are fundamental to the legal structure and business operations of OPCO, and are in the interests of the Company and the Shareholders as a whole.

BOARD APPROVAL

At the Board meeting held to approve each of the VIE Agreements, save and except for Mr. Liu Guanzhou (an executive Director and the PRC Equity Owner), none of the Directors was considered as having a material interest in any of the VIE Agreements and the transactions contemplated thereunder. Therefore, other than Mr. Liu Guanzhou who abstained from voting on the relevant Board resolutions, none of the Directors was required to abstain from voting regarding such Board resolutions on the VIE Agreements.

GEM LISTING RULES IMPLICATIONS

As at the date of this announcement, OPCO is and will be wholly-owned by the PRC Equity Owner, who is the controlling shareholder of the Company. Accordingly, each of the PRC Equity Owner and the OPCO is a connected person of the Company under Chapter 20 of the GEM Listing Rules. The transactions contemplated under the VIE Arrangement constitute continuing connected transactions of the Company under the GEM Listing Rules.

Application for Waiver under Chapter 20 of the GEM Listing Rules

The Company has applied to the Stock Exchange for a waiver from strict compliance with Rules 20.50 and 20.51 of the GEM Listing Rules in respect of, among other things, (i) the requirement of setting an annual cap for the transactions under the VIE Agreements under Rule 20.51 of the GEM Listing Rules; and (ii) the requirement of limiting the term of the VIE Agreements to three years or less under Rule 20.50 of the GEM Listing Rules. Such waiver has been granted as at the date of this announcement, subject to the conditions contemplated under the paragraph headed “Waiver Conditions” hereinbelow.

Nevertheless, as the transactions contemplated under the VIE Arrangement constitute continuing connected transactions of the Company under the GEM Listing Rules, it shall be subject to the announcement, Independent Shareholders’ approval, reporting and annual review requirements under Chapter 20 of the GEM Listing Rules.

Waiver Conditions

In view of the application for waiver under Chapter 20 of the GEM Listing Rules from strict compliance with (i) the requirement of setting an annual cap for the transactions under the VIE Agreements under Rule 20.51 of the GEM Listing Rules; and (ii) the requirement of limiting the term of the VIE Agreements to three years or less under 20.50 of the GEM Listing Rules, for so long as the Shares are listed on the Stock Exchange, the waiver aforementioned shall be subject to the following conditions:

(I) No change without Independent Non-executive Directors’ approval

No changes to the terms of any of the agreements underlying the VIE Agreements will be made without the approval of the independent non-executive Directors.

(II) No change without independent Shareholders’ approval

Save as described in sub-paragraph (IV) below, no change to the terms of any of the agreements underlying the VIE Agreements will be made without the approval of the Independent Shareholders. Once Independent Shareholders’ approval of any change has been obtained, no further announcement or approval of the independent Shareholders will be required under Chapter 20 of the GEM Listing Rules unless and until further changes are proposed. The periodic reporting requirement regarding the VIE Arrangement in the annual reports of the company (as set out in sub-paragraph (V) below) will however continue to be applicable.

(III) Economic benefits flexibility

The VIE Agreements shall continue to enable the Group to receive the economic benefits derived by the OPCO through: (i) the Group's exclusive purchase right (if and when so allowed under PRC law) to acquire the equity interests in the OPCO to the extent permitted by the PRC Laws at the nominal consideration of HK\$1.00; (ii) the business structure under which the profit generated by the OPCO is substantially retained by the Wuxi Information (such that no annual cap shall be set on the amount of services fees payable to the Wuxi Information under the Exclusive Business Cooperation Agreement); and (iii) the Wuxi Information's right to control the management and operation of, as well as, in substance, all of the voting rights of the OPCO.

(IV) Renewal and reproduction

On the basis that the VIE Agreements provide an acceptable framework for the relationship between the Group and the subsidiaries of the Company in which the Company have direct shareholding, on one hand, and the OPCO, on the other hand, that framework may be renewed and/or reproduced upon the expiry of the existing arrangements or in relation to any existing or new wholly foreign-owned enterprise or operating company (including branch company) engaging in the same business as that of the Group which the Group might wish to establish when justified by business expediency, without obtaining the approval of the shareholders, on substantially the same terms as the VIE Arrangement given rise by the VIE Agreements.

The Directors, chief executive or substantial Shareholders (as defined in the GEM Listing Rules) of any existing or new wholly foreign-owned enterprise or operating company (including branch company) engaging in the same business as that of the Group which the Group may establish when justified by business expediency will, upon renewal and/or reproduction of the VIE Arrangement, however be treated as the Group's connected persons and transactions between these connected persons and the Group other than those under similar to the VIE Arrangement shall comply with Chapter 20 of the GEM Listing Rules. This condition is subject to the relevant laws, regulations and approvals of the PRC.

(V) Ongoing reporting and approvals

The Group will disclose details relating to the VIE Agreements on an ongoing basis as follows:

- i. the VIE Agreements in place during each financial period will be disclosed in the annual report and accounts of the Company in accordance with the relevant provisions of the GEM Listing Rules.

- ii. the independent non-executive Directors will review the VIE Agreements annually and confirm in the annual report and accounts of the Company for the relevant year that:
 - (a) the transactions carried out during such year have been entered into in accordance with the relevant provisions of the VIE Agreements, have been operated so that the profit generated by the OPCO has been substantially retained by the Wuxi Information;
 - (b) no dividends or other distributions have been made by OPCO to the PRC Equity Owner which are not otherwise subsequently assigned or transferred to the Group; and
 - (c) any new contracts entered into, renewed or reproduced between the Group and the OPCO during the relevant financial period under sub-paragraph (IV) above are fair and reasonable, or advantageous, so far as the Group is concerned and in the interests of the Shareholders as a whole.
- iii. the auditors of the Company will carry out review procedures annually on the transactions carried out pursuant to the VIE Agreements and will provide a letter to the Directors with a copy to the Stock Exchange (where necessary), confirming that the transactions have received the approval of the Directors, have been entered into in accordance with the relevant VIE Agreements and that no dividends or other distributions have been made by the OPCO to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group.
- iv. for the purposes of Chapter 20 of the GEM Listing Rules, and in particular the definition of “connected person”, the OPCO will be treated as a wholly-owned subsidiary of the Company, but at the same time, the directors, chief executives or substantial shareholders (as defined in the GEM Listing Rules) of the OPCO and their respective associates will be treated as the “connected persons” of the Company (excluding the OPCO for this purpose) and transactions between these connected persons and the Group, other than those under the VIE Agreements, will be subject to requirements under Chapter 20 of the GEM Listing Rules.
- v. The OPCO will undertake that, for so long as the Shares are listed on the Stock Exchange, it will provide the Group’s management and the auditors of the Company with full access to its relevant records for the purpose of the Company’s auditors’ review of the connected transactions.

(VI) Exercise of Exclusive Purchase Right

The VIE Arrangement shall continuously enable the Group hold an exclusive purchase right to purchase all or part of the equity interests in the OPCO to the extent permitted by the PRC Laws at the nominal consideration of HK\$1.00.

GENERAL

The Independent Board Committee, comprising all the independent non-executive Directors, namely Ms. Lai Pik Chi, Peggy, Mr. Fu Yan Ming and Mr. Xia Qiankun, has been established to advise the Independent Shareholders on the terms of the VIE Agreements and the transactions respectively contemplated thereunder. Merdeka has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the VIE Agreements and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on whether to vote in favour of the resolutions to be proposed for approving the VIE Agreements and the transactions contemplated thereunder at the EGM. In connection with the Company's application for a waiver from strict compliance with Rule 20.50 of the GEM Listing Rules, the Independent Financial Adviser is expected to explain, among other things, why the duration of the VIE Agreements, which exceeds three years, may constitute a special circumstance under Rule 20.50 of the GEM Listing Rules and is required for the nature of the transactions, and whether it is normal business practice for contracts of this type to be of such duration.

An EGM will be convened for the Independent Shareholders to approve the VIE Structure (including the VIE Agreements and the transactions contemplated thereunder). In view of Mr. Liu Guanzhou's equity interests in the Company, Mr. Liu Guanzhou and his associates are deemed to have material interests in the VIE Agreements and the transactions contemplated thereunder and are required to abstain from voting at the EGM for the ordinary resolutions in respect of the entry of VIE Agreements.

A circular containing, among other things, (i) details about the VIE Arrangement; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) the notice convening the EGM will be despatched to the Shareholders on or before 18 August 2026.

DEFINITIONS

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

“associate”	has the meaning as ascribed thereto in the GEM Listing Rules
“Board”	the board of Directors
“Confirmation Letter”	the confirmation letter to be executed by the PRC Equity Owner in favour of Wuxi Information in connection with the VIE Structure

“Company”	Wuxi Life International Holdings Group Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on GEM of the Stock Exchange (stock code: 8148)
“connected person(s)”	has the meaning as ascribed thereto in the GEM Listing Rules
“connected transaction(s)”	has the meaning as ascribed thereto in the GEM Listing Rules
“continuing connected transaction(s)”	has the meaning as ascribed thereto in the GEM Listing Rules
“controlling shareholder(s)”	has the meaning as ascribed thereto in the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“EDI Licence”	electronic data interchange licence, a licence issued by the Ministry of Industry and Information Technology of the PRC for the provision of online data processing and transaction processing services
“EGM”	the extraordinary general meeting to be convened to approve the VIE Arrangement (including the transactions contemplated under the VIE Arrangement)
“Equity Pledge Agreement”	the equity pledge agreement (股份質押協議) to be entered into among Wuxi Information, the OPCO and the PRC Equity Owner, details of which are set out in the section headed “VIE Agreements” in this announcement
“Exclusive Business Cooperation Agreement”	the exclusive business cooperation agreement (獨家業務合作協議) to be entered into between Wuxi Information and the OPCO, details of which are set out in the section headed “VIE Agreements” in this announcement
“Exclusive Purchase Right Agreement”	the exclusive purchase right agreement (獨家購買權合同) to be entered into between Wuxi Information, the PRC Equity Owner and the OPCO, details of which are set out in the section headed “VIE Agreements” in this announcement
“GEM”	GEM operated by the Stock Exchange

“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“I&C Registration Date”	such registration date for the equity pledge under the Equity Pledge Agreement with the relevant Administration for Industry and Commerce
“ICP Licence”	the value-added telecommunications business operating licence for internet information services issued by the Ministry of Industry and Information Technology of the PRC or its relevant provincial-level counterparts, which permits the provision of information services through the internet
“Independent Board Committee”	a committee of the Board which has been established, comprising all independent non-executive Directors, namely, Ms. Lai Pik Chi, Peggy, Mr. Fu Yan Ming and Mr. Xia Qiankun, for the purpose of advising the Independent Shareholders on the entry of the VIE Agreements
“Independent Financial Adviser” or “Merdeka”	Merdeka Corporate Finance Limited (領智企業融資有限公司), a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the VIE Agreements
“Independent Shareholder(s)”	Shareholder(s) other than Mr. Liu Guanzhou and his associates
“Letter of Authorisation for Shareholder Rights”	the irrevocable letter of authorisation to be executed by the PRC Equity Owner in favour of Wuxi Information authorising Wuxi Information to exercise all shareholder rights in OPCO
“Multi-party Communication Licence”	the value-added telecommunications business operating licence for domestic multi-party communication services
“Network Culture Operation Licence”	the network culture operation licence required for the livestreaming-related business of the “Pingou” APP

“OPCO”	Nanjing Pingou Youxuan Technology Co. Ltd.* (南京品購優選科技有限公司), a company established in the PRC with limited liability and wholly-owned by Mr. Liu Guanzhou, being the operating entity of the “Pingou” APP in the PRC
““Pingou” APP”	the mobile application proposed to be launched by the Group in the PRC for conducting comprehensive e-commerce platform business, including self-operated sales, third-party merchant marketplace business, livestreaming, online community interaction, social networking and advertising services
“PRC”	the People’s Republic of China, which shall, for the purposes of this announcement, exclude Hong Kong, Macau and Taiwan
“PRC Civil Code”	Civil Code of the PRC (《中華人民共和國民法典》)
“PRC Equity Owner”	the person with the PRC nationality who holds the entire equity interest of the OPCO, namely Mr. Liu Guanzhou
“PRC Laws”	any and all laws, regulations, statutes, rules, orders, decrees, circulars, notices, supreme court’s judicial interpretations and subsidiary legislations currently in force and publicly available in the PRC as of the date hereof
“PRC Legal Adviser”	Jia Yuan Law Offices (嘉源律師事務所), the PRC legal adviser to the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	share(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Spouse Undertaking Letter”	the spouse undertaking letter to be executed by the spouse of the PRC Equity Owner in connection with the VIE Structure
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“VIE Agreements”	a series of agreements, including the Exclusive Business Cooperation Agreement, the Exclusive Purchase Right Agreement, the Equity Pledge Agreement, the Letter of Authorisation for Shareholder Rights, the Confirmation Letter and the Spouse Undertaking Letter, which will be executed and taken effect for the purpose of establishing and maintaining the VIE Arrangement

“VIE Arrangement”	the variable interest entity arrangement between the OPCO held by the PRC Equity Owner and Wuxi Information
“VIE Structure”	the structure established through the entering into of the VIE Agreements, which enables the Group to effectively hold and control the OPCO
“Wuxi Information”	Zhejiang Wuxi Information Technology Service Co., Ltd.* (浙江 悟喜 信息 技術 服務 有限 公司), a company incorporated in the PRC with limited liability, which is an indirect wholly-owned subsidiary of the Company
“%”	per cent.

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

Hong Kong, 28 July 2026

As at the date hereof, the board of Directors of the Company comprises three executive Directors, namely Mr. Liu Guanzhou, Ms. Liu Xingmei and Mr. Choi Pun Lap, two non-executive Directors, namely Ms. Li Hui Ling and Ms. Yan Dandan and three independent non-executive Directors, namely Ms. Lai Pik Chi, Peggy, Mr. Fu Yan Ming and Mr. Xia Qiankun.

This announcement, 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 announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Listed Company Information” pages of the Stock Exchange website at www.hkexnews.hk for at least 7 days from the date of its publication and on the website of the Company at www.wuxilife.com.hk.

* for identification purposes only