
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 a licensed securities dealer, registered institution in securities, a 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 and the accompanying form of proxy to the purchaser(s) or transferee(s) or the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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悟喜生活
— WUXI LIFE —

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**



Capitalised terms used in this cover page shall have the same meaning as those defined in the section headed “Definitions” of this circular.

A letter from the Board is set out on pages 6 to 39 of this circular. and a letter from the Independent Board Committee containing its recommendations to the Independent Shareholders is set out on pages IBC-1 to IBC-2 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages IFA-1 to IFA-35 of this circular.

A notice convening the EGM to be held Room 2101, 21/F, Building 50, No. 2 Keji 10th Road, Songshan Lake Hi-tech Industrial Development Zone, Dongguan, Guangdong Province, the People’s Republic of China on Friday, 18 September 2026 at 11:00 a.m. is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use at the EGM is enclosed with this circular and such form of proxy is also published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.wuxilife.com.hk).

Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible, and in any event not less than 48 hours before the time appointed for the 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 EGM, or any adjournment thereof, should you so wish and in such event, the form of proxy shall be deemed to be revoked.

28 August 2026

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 or expressions shall have the following meanings:

“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	a day (excluding Saturdays, Sundays and public holidays) on which licensed banks are open for general banking business in Hong Kong
“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)
“Confirmation Letter”	the confirmation letter executed on 27 August 2026 by the PRC Equity Owner in favour of Wuxi Information in connection with the VIE Structure
“connected person”	has the meaning ascribed to it 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)”	have the same meaning as ascribed to it under 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 of the Company to be convened and held to consider and, if thought fit, 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) entered into on 27 August 2026 among Wuxi Information, the OPCO and the PRC Equity Owner, details of which are set out in the section headed “VIE Agreements” in this circular

DEFINITIONS

“Exclusive Business Cooperation Agreement”	the exclusive business cooperation agreement (獨家業務合作協議) entered into on 27 August 2026 between Wuxi Information and the OPCO, details of which are set out in the section headed “VIE Agreements” in this circular
“Exclusive Purchase Right Agreement”	the exclusive purchase right agreement (獨家購買權合同) entered into on 27 August 2026 between Wuxi Information, the PRC Equity Owner and the OPCO, details of which are set out in the section headed “VIE Agreements” in this circular
“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
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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”/“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 SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the VIE Agreements

DEFINITIONS

“Independent Shareholders”	Shareholders other than Mr. Liu Guanzhou and his associates
“Latest Practicable Date”	25 August 2026, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Letter of Authorisation for Shareholder Rights”	the irrevocable letter of authorisation executed on 27 August 2026 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 live-streaming 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, and for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region 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

DEFINITIONS

“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
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	share(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Spouse Undertaking Letter”	the spouse undertaking letter executed on 27 August 2026 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 are executed on 27 August 2026 and will become effective after the approval of the VIE Arrangement has been obtained (by means of ordinary resolution(s) passed in the EGM), 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.* (浙江梧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.

DEFINITIONS

For the purposes of this circular, unless the context requires otherwise, conversion of Renminbi into Hong Kong dollars is based on the approximate exchange rate of HK\$1 to RMB0.92. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in Hong Kong dollars or Renminbi have been, could have been or may be converted at such or any other rate or at all.

Certain amounts and percentage figures set out in this circular have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables, the currency conversion or percentage equivalents may not be an arithmetic sum of such figures.

Unless otherwise specified, the English text of this circular, the notice of the EGM and accompanying form of proxy shall prevail over their respective Chinese text in case of inconsistency.

** For identification purpose only*

LETTER FROM THE BOARD



悟喜生活
— WUXI LIFE —

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

Ms. Liu Xingmei

Mr. Choi Pun Lap

Non-executive Directors

Ms. Li Hui Ling

Ms. Yan Dandan

Independent non-executive Directors

Ms. Lai Pik Chi, Peggy

Mr. Fu Yan Ming

Mr. Xia Qiankun

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in the PRC*

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Cayman Islands

*Principal place of business in
Hong Kong*

Room 4801, 48/F

Hopewell Centre

No. 183 Queen's Road East,
Wanchai, Hong Kong

28 August 2026

To the Shareholders

Dear Sir/Madam,

**PROPOSED CONTINUING CONNECTED TRANSACTIONS RELATING TO
THE ENTRY OF THE VIE AGREEMENTS
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

References are made to the Company's announcements dated 28 July 2026 and 29 July 2026 in relation to, amongst other things, the proposal to enter into the VIE Agreements in connection with the operation of the "Pingou" APP in the PRC.

LETTER FROM THE BOARD

The purposes of this circular are to provide you with, among other things, (i) further details of the VIE Agreements, the transactions contemplated thereunder and 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; (iv) other information as required to be disclosed under the GEM Listing Rules; and (v) the notice convening the EGM. In the EGM, such necessary resolution will be proposed to the Independent Shareholders to consider and, if thought fit, approve the VIE Agreements and the transactions contemplated thereunder.

BACKGROUND

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 the effectiveness 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 after the approval of the VIE Arrangement has been obtained by means of ordinary resolution(s) passed in the EGM.

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;

LETTER FROM THE BOARD

- (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.
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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 provide any consultation and/or services to the OPCO, the revenue derived thereunder shall be ultimately received by the Group via Wuxi Information.

LETTER FROM THE BOARD

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 after the approval of the VIE Arrangement has been obtained by means of ordinary resolution(s) passed in the EGM 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).

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 at 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.

LETTER FROM THE BOARD

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

LETTER FROM THE BOARD

Term: The Equity Pledge Agreement shall become effective after the approval of the VIE Arrangement has been obtained by means of ordinary resolution(s) passed in the EGM 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.

LETTER FROM THE BOARD

(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 after the approval of the VIE Arrangement has been obtained by means of ordinary resolution(s) passed in the EGM 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.

LETTER FROM THE BOARD

(5) Confirmation Letter

Parties: 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 the 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

Parties: 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 coownership 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.

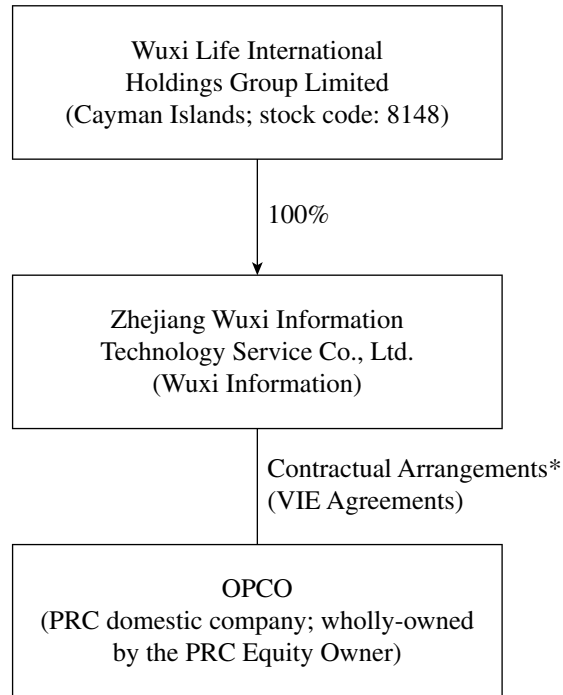
For the avoidance of doubt, all of the VIE Agreements prescribed above have been executed or entered into on 27 August 2026, but will only become effective after the approval of the VIE Arrangement has been obtained by means of ordinary resolution(s) passed in the EGM. Such VIE Arrangement will take effect thereafter.

LETTER FROM THE BOARD

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.

LETTER FROM THE BOARD

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.

Wuxi Information is principally engaged in the provision of network technical services, digital content production services, information system operation and maintenance services and information consultancy services.

LETTER FROM THE BOARD

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.

LETTER FROM THE BOARD

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.

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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.

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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 Latest Practicable Date, 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 Latest Practicable Date, 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.

LETTER FROM THE BOARD

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.

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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 and as detailed under the sub-paragraph headed “Certain terms of the VIE Agreements may not be enforceable under PRC Laws” below, certain provisions relating to arbitration remedies and interim measures may not have clear basis under the PRC Laws and may not be fully recognized 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.

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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

- (1) Wuxi Information shall appoint the chief financial officer and finance personnel of OPCO;
- (2) the bank accounts of OPCO shall be managed by personnel designated by Wuxi Information;
- (3) all major financial decisions of OPCO shall require the prior approval of Wuxi Information; and
- (4) the financial statements of OPCO shall be regularly submitted to Wuxi Information for review.

(B) Operational controls

- (1) Wuxi Information shall appoint the general manager and core management personnel of OPCO;
- (2) all major business decisions of OPCO shall require the prior approval of Wuxi Information;
- (3) all major contracts of OPCO shall be subject to the review of Wuxi Information;
- (4) for general housekeeping purpose, Wuxi Information shall have the custody of the constitutional items of the OPCO, including the company chop and seal; and
- (5) 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.

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(C) Asset controls

- (1) all equity interests in OPCO held by the PRC Equity Owner shall be pledged to Wuxi Information under the Equity Pledge Agreement;
- (2) 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 the PRC Laws;
- (3) 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
- (4) OPCO shall not dispose of any material assets without the prior consent of Wuxi Information.

(D) Compliance monitoring

- (1) the Group will establish a dedicated team to monitor the maintenance of the licences and permits required for the operation of the “Pingou” APP;
- (2) the Group will regularly review changes in the PRC Laws and regulations affecting the VIE Structure; and
- (3) 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.

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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,

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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.

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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 Latest Practicable Date, 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.

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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.

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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 and the taking effect of the VIE Agreements.

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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 and the taking effect of the VIE Agreements. The Company has discussed with its auditors and confirmed the above assessment.

As at the Latest Practicable Date, 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:

- (1) 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;
- (2) 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;
- (3) 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;
- (4) it provides multiple potential income streams to the Group, including income from self-operated sales, platform services, livestreaming-related business and advertising; and
- (5) 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 the PRC Laws.

As at the Latest Practicable Date, the EDI License and the ICP License have been obtained and it is anticipated that the Multi-party Communication Licence and the Network Culture Operation Licence are to be obtained by around mid-August to late August 2026.

As at the Latest Practicable Date, the “Pingou” APP has completed the application’s functional development and core modules such as product transactions and streamer promotions are fully operational. The commencement of the “Pingou” APP’s operations are subject to the execution and the taking effect of the VIE Agreements and their respective execution are subject to the Independent Shareholders’ approval in the EGM. Accordingly, the aforesaid operations is expected to commence in September 2026.

LETTER FROM THE BOARD

The intended operations of the “Pingou” APP is to cover the businesses of products’ sales and value-added services such as influencer promotion, advertising services and merchant onboarding services. In the short run, products sales will cover products such as daily necessities, personal care products, specialty agricultural goods, pharmaceuticals and health supplements; services such as influencer promotion will also be provided on such platform. Such phase intends to establish a comprehensive e-commerce ecosystem, supporting simultaneous operations including brand onboarding, retail sales, and livestream-based promotional sales. Upon stable operations of the platform, entertainment segments such as reels, paid subscription content such as short drama will be gradually launched to diversify the platform’s monetization channels.

With reference to the Group’s principally-engaged businesses, being (i) software platform business; (ii) advertising e-commerce and supply chain management services business; and (iii) sales of products business, on top of the aforesaid benefits to be derived, the development of the “Pingou” APP is also aimed to develop a platform upon which experiences on e-commerce and products sales on software platform would be able to be gained and shared, so as to provide a synergistic effect with respect to the Group’s businesses, especially with respect to the software platform business. In connection with the Group’s software platform business, being a core part of the Group’s principally-engaged businesses, it involves the development and marketing of patented server-based technology and the provision of communications software platform and software related services. The development of patented server-based technology and its affiliated software maintenance services is vital to support the “Pingou” APP’s core modules and application maintenance especially when its operations have become stabilized and the application’s coverage will be beyond products’ sales and cover the video-playing functions. In turn, as the “Pingou” APP first focuses on products sales, the marketing commitment can bring up the subscription of the communications software platform operated by the Group. Moreover, the Group has been providing customised development services for mobile applications, website conversion, and website development projects. These tailor-made services for different clients can enjoy a more diverse stream of clients with “Pingou” APP’s operations and “Pingou” APP’s sales of products can have a broader coverage by the availability to provide more technologically-advanced services.

Furthermore, the “Pingou” APP is intended to be an all-in-one application similar to platforms like Pinduoduo and Taobao with the integration of product sales, advertising services, and reels. The platform allows users to open online stores, sell products, provide promotional services for merchants, and offer paid subscription content such as short drama. Prior to the launch of the “Pingou” APP, the Group’s operations relied heavily on external platforms sell products and provide promotional services for other applications resulting in limited stability. With the launch of the “Pingou” APP, the Group’s operations are anticipated to stabilise with the capability to sell products with its own online platform. This multi-channel approach expands consumer reach and allows the simultaneous provision of promotional and merchant-recruitment services for local businesses on other platforms of the Group with independent operations.

In view of the above, the Group’s intention with “Pingou” APP goes beyond the mere development of the new application, it demonstrates that the Group has no intention to scale down its current software platform business and will use its best endeavour to maintain the sustainability of such business.

LETTER FROM THE BOARD

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.

Conclusion

Taking into account of all factors elaborated above, the Directors (including members of the Independent Board Committee whose views have been set out in the section headed “Letter from the Independent Board Committee” of this circular after taking into consideration of the advice from Independent Financial Adviser consider that the VIE Structure, the VIE Agreements and the transactions respectively contemplated are fair and reasonable and are entered into on normal commercial terms, in the ordinary and usual course of business of the Group and 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 Latest Practicable Date, 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.

For the avoidance of doubt, none of the VIE Agreements and the transactions contemplated thereunder constituting the VIE Arrangement has been taking effect. The effectiveness of which shall be subject to the approval provided by the Independent Shareholders in the EGM to be convened to approve, amongst other things, the VIE Agreements and the transactions contemplated thereunder constituting the VIE Arrangement by passing ordinary resolution(s) on the matter.

LETTER FROM THE BOARD

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.

The reason for the Company to seek for the aforementioned waiver is the practical difficulties in setting the annual caps and limiting the term of the VIE Agreements to three years or less under the Exclusive Business Cooperation Agreement elaborated as follows:

1. The VIE Agreements is special to the Group and should not be limited by a designated term

As discussed in the section headed “BACKGROUND AND REASONS FOR USE OF THE VIE STRUCTURE” in this circular, the operating entity of the “Pingou” APP is principally engaged in the E-commerce Business, a sector where foreign investment is subject to significant restrictions under PRC laws and regulations. Owing to the operation nature of the aforesaid licenses being closely-knitted with high integration in terms of functionality, it gives rise to the interdependency of those licenses in order for the “Pingou” APP to work. In view of such business inseparability and as advised by the PRC Legal Adviser (whose legal memorandum is enclosed herewith), 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). 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.

As such, the Directors (including the independent non-executive Directors) are of the view that the VIE Agreements and the transactions contemplated therein will become fundamental to the Group’s legal structure and business operations, and that such transactions will be entered into on the basis that they match the principally engaged businesses of the Group. Moreover, the transactions contemplated under the VIE Agreements and will be entered into in the Group’s ordinary and usual course of business, are normal commercial terms or better and the terms are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

LETTER FROM THE BOARD

The VIE Structure, whereby the financial results of the OPCO are consolidated into the financial statements as if it is the Company's subsidiaries, and all the economic benefits of their business flows to the Group, places the Group in a special position with respect to the part of the GEM Listing Rules in relation to connected transactions. Notwithstanding that the transactions contemplated under the VIE Arrangement technically constitute continuing connected transactions under Chapter 20 of the GEM Listing Rules, the Directors consider that, given that the Group is placed in a special situation in relation to the connected transactions rules under the VIE Arrangement, setting term for VIE Agreements would be unduly burdensome and impracticable, and would add unnecessary administrative costs to the Company.

2. A fixed annual cap will limit the business development of the Company

As at the Latest Practicable Date, giving an estimate over the revenue to be generated and derived from "Pingou APP" may not be accurate, should it be contributing significantly to the Company's revenue, setting annual caps with fixed monetary amounts or percentage based on revenues for the continuing connected transaction over the VIE Arrangements would place an arbitrary ceiling on the revenue of the Company, which may not even be controllable by the Company given the free flow of the consumers and retailers, and therefore the Company's revenue, which will hinder its development and will not be in the interests of the Company and its shareholders, including the minority shareholders.

3. A fixed cap adds uncertainty to the business operation/management of the Company

It is necessary for the Company to apply for a waiver from setting annual caps for the term of the transactions contemplated under the VIE Arrangements. If the absence of a cap is subject to the approval of the independent shareholders of the Company after three years or a longer period, the uncertainty of independent shareholders' approval would give rise to significant uncertainty as to whether the VIE Arrangements will be functional especially no set term is available for the VIE Arrangements with respect to "Pingou APP", therefore potentially affecting the Company's functionality of such application, in turn damaging a stream of revenue of the Company.

LETTER FROM THE BOARD

4. Impracticable and extremely difficult to set annual caps

It is impracticable and extremely difficult to set meaningful annual caps considering the perpetual nature of the “Pingou APP”, as it would involve making assumptions about the future performance of “Pingou APP”. While it is anticipated that the related fees and charges payable to the “Pingou APP” should increase over time, it is not possible to predict with any degree of accuracy such revenue derived thereunder. In addition, it is impossible to predict other factors which may impact the Company’s revenues over such a period, such as inflation, currency fluctuations, growing market maturity, expansion into new brands, products or categories and expansion into new markets. Accordingly, an annual cap in monetary terms will have to be set very high if it is not to stifle the growth of the Company and such a cap may become misleading or meaningless to shareholders, investors and the market.

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.

LETTER FROM THE BOARD

(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 such business operated under the VIE Arrangements, 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 such business operated under the VIE Arrangements, 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.

LETTER FROM THE BOARD

- 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 the 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.

INDEPENDENT BOARD COMMITTEE

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 consider, and make recommendations to the Independent Shareholders regarding, amongst other things, whether the terms of the VIE Agreements and the transactions respectively contemplated thereunder are of ordinary and usual course of business of the Group, on normal commercial terms, fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

LETTER FROM THE BOARD

None of the members of the Independent Board Committee has any interest or involvement in the transactions contemplated under any of the VIE Agreements.

INDEPENDENT FINANCIAL ADVISER

Pursuant to Rule 17.47(6) of the GEM Listing Rules, 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 each of the VIE Agreements and the transactions respectively 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 resolution to be proposed for approving the VIE Agreements and the transactions respectively 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, Merdeka will also 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.

With reference to the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in this circular, it is noted that Merdeka is of the opinion that (i) the terms of the VIE Agreements are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the entering into of the VIE Agreements is in the interests of the Company and the Shareholders as a whole and is conducted in the ordinary and usual course of business of the Group.

For details, please refer to the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in this circular.

DISCLOSURE OF DIRECTORS' INTERESTS

As at the Latest Practicable Date, save and except for the PRC Equity Owner, none of the Directors has any material interest in the VIE Arrangement, each of the VIE Agreements and transactions contemplated under thereunder or is required to abstain from voting on the Board resolutions for considering and approving any of the the VIE Agreements and transactions contemplated under thereunder.

NOTICE OF THE EGM

The Company will convene the EGM at Room 2101, 21/F, Building 50, No. 2 Keji 10th Road, Songshan Lake Hi-tech Industrial Development Zone, Dongguan, Guangdong Province, the People's Republic of China on Friday, 18 September 2026 at 11:00 a.m. to consider and, if thought fit, approve, among other things, each of the VIE Agreements and the transactions respectively contemplated thereunder.

LETTER FROM THE BOARD

A notice convening the EGM is set out on pages EGM-1 to EGM-3 of this circular.

Any Shareholders or their respective associates with a material interest in any of the VIE Agreements and the transactions respectively contemplated thereunder shall abstain from voting at the EGM.

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, as disclosed above, save and except for Hengli Holding Group Limited, the PRC Equity Owner and their respective associates (which are interested in 175,499,750 Shares, representing approximately 38.31% of the entire issued share capital of the Company), no Shareholder has a material interest in any of the VIE Agreements and the transactions respectively contemplated thereunder and accordingly, no Shareholder and his/her/its associates (other than Hengli Holding Group Limited, the PRC Equity Owner and their respective associates) are therefore required to abstain from voting on the relevant resolution(s) to approve, amongst other things, any of the VIE Agreements and the transactions respectively contemplated thereunder to be proposed at the EGM.

Voting by poll at the EGM

Pursuant to Rule 17.47(4) of the GEM Listing Rules, any vote of Shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Therefore, the chairman of the EGM will demand a poll for each and every resolution put forward at the EGM. The Company will appoint scrutineers to handle vote-taking procedures at the EGM. An announcement on the poll results will be published by the Company after the EGM in the manner prescribed under Rule 17.47(5) of the GEM Listing Rules.

Proxy Form

A form of proxy for the EGM is enclosed. Whether or not you intend to attend the EGM (or any adjournment thereof), you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time fixed for holding the EGM or any adjournment thereof (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 should you so wish and in such event the form of proxy shall be deemed to be revoked.

LETTER FROM THE BOARD

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, 15 September 2026 to Friday, 18 September 2026 (both days inclusive), during which period no transfer of Shares will be registered. The record date for determining the entitlement of the Shareholders to attend and vote at the EGM will be Friday, 18 September 2026. In order to be eligible to attend and vote at the EGM, all completed transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. (Hong Kong time) on Monday, 14 September 2026.

RECOMMENDATIONS

Your attention is drawn to the letter from the Independent Board Committee as set out on pages IBC-1 to IBC-2 of this circular which contains its recommendations to the Independent Shareholders on each of the VIE Agreements and the transactions respectively contemplated thereunder. Your attention is also drawn to the letter of advice received from Merdeka Corporate Finance Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders as set out on pages IFA-1 to IFA-35 of this circular which contains, among others, its advice to the Independent Board Committee and the Independent Shareholders in relation to each of the VIE Agreements and the transactions respectively contemplated thereunder, the casting of votes for or against the resolution(s) approving the above, as well as the principal factors and reasons considered by it in concluding its advice.

The Directors (including members of the Independent Board Committee whose views have been set out in the section headed “Letter from the Independent Board Committee” of this circular after taking into consideration of the advice from Independent Financial Adviser) are of the view that each of the VIE Agreements and the transactions respectively contemplated thereunder are on normal commercial terms, fair and reasonable and are in the interests of the Company and its Shareholders as a whole, and they recommend the Independent Shareholders to vote in favour of the resolution(s) at the EGM.

ADDITIONAL INFORMATION

Your attention is drawn to the letter of recommendation from the Independent Board Committee to the Independent Shareholders, the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, and additional information set out in the appendix to this circular.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



悟喜生活
— WUXI LIFE —

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)

28 August 2026

To the Independent Shareholders

Dear Sir or Madam,

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

We refer to the circular dated 28 August 2026 issued by the Company (the “**Circular**”), of which this letter forms part. Terms used in this letter shall bear the same meanings as given to them in the Circular unless the context otherwise requires.

We have been appointed by the Board as members of the Independent Board Committee to consider each of the VIE Agreements and the transactions respectively contemplated thereunder and to advise the Independent Shareholders as to the fairness and reasonableness of the aforesaid matters, and to recommend how the Independent Shareholders should vote at the EGM. Merdeka Corporate Finance Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

We wish to draw your attention to the letter from the Board, as set out on pages 6 to 39 of the Circular, and the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders which contains its advice to us in respect of each of the VIE Agreements and the transactions respectively contemplated thereunder, as set out on pages IFA-1 to IFA-35 of the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account of the advice of the Independent Financial Adviser, we consider that each of the VIE Agreements and the transactions respectively contemplated thereunder were entered into on normal commercial terms in the ordinary and usual course of business of the Group, and that the transactions contemplated under the above agreements are entered in the interests of the Company and the Shareholders as a whole. We also consider that the terms of the above agreements are fair and reasonable so far as the Company and the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve each of the VIE Agreements and the transactions respectively contemplated thereunder.

Yours faithfully,
the Independent Board Committee of

Wuxi Life International Holdings Group Limited

Ms. Lai Pik Chi, Peggy
Independent non-executive
Director

Mr. Fu Yan Ming
Independent non-executive
Director

Mr. Xia Qiankun
Independent non-executive
Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter from Merdeka Corporate Finance Limited which sets out its advice to the Independent Board Committee and the Independent Shareholders in respect of the terms of the VIE Agreements prepared for the purpose of inclusion in this circular.



Room 1108-1110, 11/F.
Wing On Centre
111 Connaught Road Central
Hong Kong

28 August 2026

*To: The Independent Board Committee and the Independent Shareholders of
Wuxi Life International Holdings Group Limited*

Dear Sir or Madam,

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

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 terms of the VIE Agreements, particulars of which are set out in the letter from the Board (the “**Board Letter**”) of the circular issued by the Company to the Shareholders dated 28 August 2026 (the “**Circular**”) and in which this letter is reproduced. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as defined in the Circular.

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 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 taken effect for the purpose of establishing and maintaining the VIE Arrangement after obtaining the approval of the Independent Shareholders at the EGM.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The “Pingou” APP is intended to operate as a comprehensive e-commerce platform in the PRC. As advised by the PRC Legal Adviser, the operating entity of the “Pingou” APP is required to obtain the EDI Licence, the ICP Licence, the Multi-party Communication Licence and the Network Culture Operation Licence. As certain of the aforesaid licences (i.e. ICP Licence and Network Culture Operation Licence) 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, 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 and the taking effect 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 Latest Practicable Date, OPCO is and will be wholly-owned by the PRC Equity Owner, who is the controlling shareholder of the Company. Accordingly, each of PRC Equity Owner and OPCO is a connected person of the Company under Chapter 20 of the GEM Listing Rules, and the transactions contemplated under the VIE Arrangement constitute continuing connected transactions of the Company under the GEM Listing Rules.

For the avoidance of doubt, none of the VIE Agreements and the transactions contemplated thereunder constituting the VIE Arrangement has been taking effect. The effectiveness of which shall be subject to the approval provided by the Independent Shareholders in the EGM to be convened to approve, amongst other things, the VIE Agreements and the transactions contemplated thereunder constituting the VIE Arrangement by passing ordinary resolution(s) on the matter.

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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The reason for the Company to seek for the aforementioned waiver is the practical difficulties in setting the annual caps and limiting the term of the VIE Agreements to three years or less under the Exclusive Business Cooperation Agreement elaborated as follows:

1. The VIE Agreements is special to the Group and should not be limited by a designated term

As discussed in the section headed “BACKGROUND AND REASONS FOR USE OF THE VIE STRUCTURE” in this circular, the operating entity of the “Pingou” APP is principally engaged in the E-commerce Business, a sector where foreign investment is subject to significant restrictions under PRC laws and regulations. Owing to the operation nature of the aforesaid licenses being closely-knitted with high integration in terms of functionality, it gives rise to the interdependency of those licenses in order for the “Pingou” APP to work. In view of such business inseparability and as advised by the PRC Legal Adviser (whose legal memorandum is enclosed herewith), 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). 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.

As such, the Directors (including the independent non-executive Directors) are of the view that the VIE Agreements and the transactions contemplated therein will become fundamental to the Group’s legal structure and business operations, and that such transactions will be entered into on the basis that they match the principally engaged businesses of the Group. Moreover, the transactions contemplated under the VIE Agreements and will be entered into in the Group’s ordinary and usual course of business, are normal commercial terms or better and the terms are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

The VIE Structure, whereby the financial results of the OPCO are consolidated into the financial statements as if it is the Company’s subsidiaries, and all the economic benefits of their business flows to the Group, places the Group in a special position with respect to the part of the GEM Listing Rules in relation to connected transactions. Notwithstanding that the transactions contemplated under the VIE Arrangement technically constitute continuing connected transactions under Chapter 20 of the GEM Listing Rules, the Directors consider that, given that the Group is placed in a special situation in relation to the connected transactions rules under the VIE Arrangement, setting term for VIE Agreements would be unduly burdensome and impracticable, and would add unnecessary administrative costs to the Company.

2. A fixed annual cap will limit the business development of the Company

As at the Latest Practicable Date, giving an estimate over the revenue to be generated and derived from “Pingou APP” may not be accurate, should it be contributing significantly to the Company’s revenue, setting annual caps with fixed monetary amounts or percentage based on revenues for the continuing connected transaction over the VIE Arrangements would place an arbitrary ceiling on the revenue of the Company, which may not even be controllable by the Company given the free flow of the consumers and retailers, and therefore the Company’s revenue, which will hinder its development and will not be in the interests of the Company and its shareholders, including the minority shareholders.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

3. *A fixed cap adds uncertainty to the business operation/management of the Company*

It is necessary for the Company to apply for a waiver from setting annual caps for the term of the transactions contemplated under the VIE Arrangements. If the absence of a cap is subject to the approval of the independent shareholders of the Company after three years or a longer period, the uncertainty of independent shareholders' approval would give rise to significant uncertainty as to whether the VIE Arrangements will be functional especially no set term is available for the VIE Arrangements with respect to "Pingou APP", therefore potentially affecting the Company's functionality of such application, in turn damaging a stream of revenue of the Company.

4. *Impracticable and extremely difficult to set annual caps*

It is impracticable and extremely difficult to set meaningful annual caps considering the perpetual nature of the "Pingou APP", as it would involve making assumptions about the future performance of "Pingou APP". While it is anticipated that the related fees and charges payable to the "Pingou APP" should increase over time, it is not possible to predict with any degree of accuracy such revenue derived thereunder. In addition, it is impossible to predict other factors which may impact the Company's revenues over such a period, such as inflation, currency fluctuations, growing market maturity, expansion into new brands, products or categories and expansion into new markets. Accordingly, an annual cap in monetary terms will have to be set very high if it is not to stifle the growth of the Company and such a cap may become misleading or meaningless to shareholders, investors and the market.

THE INDEPENDENT BOARD COMMITTEE

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 consider the fairness and reasonableness of the VIE Agreements and the transactions contemplated thereunder.

We, Merdeka Corporate Finance Limited, have 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 resolution 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, we have also been engaged 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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

OUR INDEPENDENCE

As at the Latest Practicable Date, we, Merdeka Corporate Finance Limited, are not connected with the directors, chief executives and substantial shareholders of the Company or any of their respective subsidiaries or associates or parties acting in concert with any of them and do not have any shareholding, directly or indirectly, in any members of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group. We are therefore considered suitable to give independent advice to the Independent Board Committee and the Independent Shareholders.

During the last two years, save for our current appointment as the Independent Financial Adviser in relation to the VIE Agreements, we did not have any engagement with the Company or the Directors, chief executives and substantial shareholders of the Company or any of their associates and no arrangement exists whereby we will receive any fees or benefits from the Company or the Directors, chief executives and substantial shareholders of the Company or any of their respective associates. We are independent of the Company pursuant to Rule 17.96 of the GEM Listing Rules.

BASIS OF OUR ADVICE

In formulating our opinion, we have reviewed and relied on (i) the information and facts contained or referred to in the Circular; (ii) the memorandum dated 7 July 2026 issued by the PRC Legal Adviser in relation to the VIE Arrangement (the “**PRC Legal Opinion**”); (iii) the information supplied by the Group and its advisers; (iv) the opinions expressed by and the representations of the Directors and the management of the Group; and (v) our review of the relevant public information. We have also relied on the accuracy of the information and representations contained in the Circular and have assumed that all information and representations made or referred to in the Circular were true at the time they were made and continue to be true as at the Latest Practicable Date. We have also relied on our discussion with the Directors and the management of the Company regarding the Group, the VIE Agreements, including the information and representations contained in the Circular. We have also assumed that all statements of belief, opinion and intention made by the Directors and the management of the Company in the Circular were reasonably made after due enquiry. We consider that we have reviewed sufficient information to reach an informed view, to justify our reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our advice. We have no reason to suspect that any material facts have been omitted or withheld from the information contained or opinions expressed in the Circular nor to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the management of the Company. We have not, however, conducted an independent in-depth investigation into the business and affairs of the Group and its associates, nor have we carried out any independent verification of the information supplied. The Company will notify the Shareholders of any material changes after the Latest Practicable Date and after the dispatch of the Circular. The Shareholders of the Company will also be notified of any material changes to such information provided and our opinion as soon as possible.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Directors have confirmed that, to the best of their information and knowledge, they believe that no material fact or information has been omitted from the information supplied and that the representations made or opinions expressed have been arrived at after due and careful consideration and there are no other facts or representations the omission of which would make any statement in this Circular, including this letter, misleading.

This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the VIE Agreements, and except for its inclusion in this Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation, we have taken into account the following principal factors and reasons:

1. Background information

1.1. Information on Wuxi Information and the OPCO and the PRC Equity Owner

As set out in the Board Letter, Wuxi Information is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. Wuxi Information is principally engaged in the provision of network technical services, digital content production services, information system operation and maintenance services and information consultancy services.

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, Nanjing Pingou Youxuan Technology Co. Ltd.* (南京品購優選科技有限公司), is a company established in the PRC with limited liability and is wholly-owned by Mr. Liu Guanzhou, who is the PRC Equity Owner and an executive Director and the controlling shareholder of the Company. Mr. Liu Guanzhou is also the sole director of OPCO. OPCO is intended to act as the operating entity of the “Pingou” APP in the PRC, and the Group does not directly hold any equity interest in OPCO.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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.

1.2. Information on 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 in three segments of business, being (i) software platform business (the “**Software Platform Business**”); (ii) advertising e-commerce and supply chain management services business (the “**Advertising e-commerce and Supply Chain Management Services Business**”); and (iii) sales of products business (the “**Sales of Products Business**”).

The table below is a summary of financial highlights of the Group for the years ended 31 December 2024 (“**FY2024**”) and 2025 (“**FY2025**”) as extracted from the annual report of the Company for the year ended 31 December 2025 (the “**2025 Annual Report**”).

	For the year ended 31 December	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Continuing operations		
Revenue	94,555	57,313
Cost of sales	(37,374)	(23,380)
Gross profit	57,181	33,933
Profit/(loss) from operations	12,906	(3,668)
Profit/(loss) before taxation from continuing operations	12,755	(4,002)
Profit/(loss) for the year from continuing operations	9,223	(4,168)
Discontinued operations		
Loss for the year from discontinued operations	–	(1,423)
Profit/(loss) for the year	9,223	(5,591)

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

For FY2025, the Group recorded a total revenue of approximately HK\$94.56 million, representing an increase of approximately HK\$37.24 million or 65% as compared with that of approximately HK\$57.31 million in 2024. As set out in the 2025 Annual Report, the increment in the Group's revenue was attributed by (i) the increase in segment revenue from the Software Platform Business by approximately HK\$9.44 million, which recorded a segment revenue of approximately HK\$39.71 million for FY2025 as compared with that of approximately HK\$30.27 million for FY2024; (ii) the increase in segment revenue from the Advertising e-commerce and Supply Chain Management Services Business by approximately HK\$16.41 million, which recorded a segment revenue of approximately HK\$29.25 million for FY2025 as compared with that of approximately HK\$12.84 million for FY2024; and (iii) the increase in the segment revenue from the Sales of Products Business by approximately HK\$11.39 million, which recorded a segment revenue of approximately HK\$25.60 million for FY2025 as compared with that of approximately HK\$14.20 million for FY2024.

For FY2025, the cost of sales of the Group amounted to approximately HK\$37.37 million (FY2024: approximately HK\$23.38 million), which represented an increase by approximately 60%, and such increase was in line with the increase in revenue for FY2025. As a result of the aforementioned increase in the total revenue and increase in cost of sales, gross profit of the Group for FY2025 increased by approximately HK\$23.25 million to approximately HK\$57.18 million (FY2024: approximately HK\$33.93 million).

The consolidated net profit attributable to owners of the Company for FY2025 from continuing operations amounted to approximately HK\$10.12 million, compared with a loss of approximately HK\$4.09 million in FY2024. The significant change in results was mainly due to the increase in gross profit as a result of the increase in revenue of the Software Platform Business, the Advertising e-commerce and Supply Chain Management Service Business and the Sale of Products Business, while such increase was partly set off by the increase in administrative and other operating expenses.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

	As at 31 December	
	2025	2024
	HK\$'000	HK\$'000
Non-current assets	11,881	337
Current assets	126,954	61,408
	<u>138,835</u>	<u>61,745</u>
Total assets	<u>138,835</u>	<u>61,745</u>
Current liabilities	52,065	36,402
Non-current liabilities	7,969	927
	<u>60,034</u>	<u>37,329</u>
Total liabilities	<u>60,034</u>	<u>37,329</u>
Net assets	<u>78,801</u>	<u>24,416</u>

As at 31 December 2025, the total assets of the Group amounted to approximately HK\$138.8 million, representing an increase of approximately 124.9% from approximately HK\$61.7 million as at 31 December 2024. Meanwhile, total liabilities amounted to approximately HK\$60.0 million as at 31 December 2025, representing an increase of approximately 60.8% from approximately HK\$37.3 million as at 31 December 2024. As the increase in total assets outweighed the increase in total liabilities, the net assets of the Group increased substantially from approximately HK\$24.4 million as at 31 December 2024 to approximately HK\$78.8 million as at 31 December 2025, representing an increase of approximately 222.7%.

Our view

Having considered that (i) the Group recorded an improvement in its financial performance and financial position for FY2025, as evidenced by the increase in revenue from approximately HK\$57.31 million for FY2024 to approximately HK\$94.56 million for FY2025, the turnaround from loss to profit from continuing operations and the increase in net assets from approximately HK\$24.42 million as at 31 December 2024 to approximately HK\$78.80 million as at 31 December 2025; and (ii) the increase in revenue for FY2025 was contributed by all three existing business segments of the Group, while the proposed operation of the “Pingou” APP, including software platform operation, e-commerce, advertising and sales of products, is in line with and complementary to the Group’s existing businesses and may broaden the Group’s business coverage and income sources, we consider that the proposed development of the “Pingou” APP represents a further development and extension of the Group’s existing businesses.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2. Reasons for and benefits of entering into the VIE Agreements

With reference to the Board Letter, we noted that the Group proposes to launch the “Pingou” APP in the PRC as a comprehensive e-commerce platform. The OPCO is intended to act as the operating entity of the “Pingou” APP in the PRC, and the Group does not directly hold any equity interest in the OPCO.

We further noted that the proposed operation of the “Pingou” APP is in line with the Group’s existing businesses. In particular, (i) the Group’s experience in software platform services is relevant to the development and operation of the “Pingou” APP as a mobile application; (ii) the online marketplace, advertising and livestreaming functions of the “Pingou” APP are related to the Group’s existing advertising e-commerce business; (iii) the product retail activities conducted through the “Pingou” APP may generate supply chain management requirements and are therefore relevant to the Group’s existing supply chain management services business; and (iv) the self-operated sales and livestreaming functions of the “Pingou” APP may provide an additional sales and distribution channel for the Group’s existing sales of products business. Accordingly, we consider that the Group may utilise its existing experience in software platform operation, advertising e-commerce, supply chain management and product sales in the operation and development of the “Pingou” APP. The “Pingou” APP may also provide the Group with an integrated platform to further develop such existing businesses and broaden its business coverage and income sources. On this basis, we consider that the proposed operation of the “Pingou” APP is in line with and complementary to the Group’s existing businesses.

As advised by the PRC Legal Adviser, the operation of the “Pingou” APP requires a number of licences and permits, including the EDI Licence, the ICP Licence, the Multi-party Communication Licence and the Network Culture Operation Licence. In particular, under the Special Administrative Measures for Foreign Investment Access (Negative List) (2024 Edition) and the relevant PRC Laws, no foreign ownership restriction applies to the EDI Licence and the Multi-party Communication Licence. In contrast, foreign ownership in an entity holding the ICP Licence must not exceed 50%, while foreign investment in entities holding the Network Culture Operation Licence is prohibited. We also noted that save and except for the necessary fees and expenses associated with the licence registration in PRC, there are no other upfront consideration payable with respect to the establishment of the VIE Arrangement.

As set out in the Board Letter, as at the Latest Practicable Date, the EDI Licence and the ICP Licence had been obtained, while the Multi-party Communication Licence and the Network Culture Operation Licence were expected to be obtained by around mid-to-late August 2026.

Accordingly, given that foreign investment in an entity holding the Network Culture Operation Licence, which is one of the principal licences required for the operation of the “Pingou” APP, is prohibited, and that all relevant licences must be held by the same operating entity, the Group is unable to directly hold any equity interest in the OPCO while allowing the OPCO to obtain and maintain all licences required for the operation of the “Pingou” APP.

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We further noted from the Board Letter that the proposed business functions of the “Pingou” APP are highly integrated and inseparable, with its livestreaming and product sales functions expected to form an integrated commercial loop. In particular, livestreaming is expected to serve as the core traffic gateway of the “Pingou” APP, through which users may develop purchase interest and complete purchases within the same platform, thereby forming a closed loop of “see and buy” and “watch and purchase”. We also noted that the various functions 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. According to the Board Letter, separating these functions among different operating entities would result in a fragmented user experience, duplication of operational and technical structures, substantially higher costs and a loss of competitiveness.

Based on the PRC Legal Opinion, we noted that 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》 requires any entity engaging in telecommunications business operations to obtain an operating permit issued by the relevant telecommunications regulatory authority. We further noted that 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)》 requires an entity proposing to engage in commercial internet cultural activities to submit an application to, and obtain the approval from, the relevant provincial-level cultural administrative authority.

In addition, 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》), where a mobile internet application provider provides internet information services that require regulatory approval or the obtaining of relevant licences under PRC Laws, such services may only be provided after the requisite approvals or licences have been obtained. Accordingly, as advised by the PRC Legal Adviser, the operating entity of the “Pingou” APP is required to apply for and hold, on a unified basis, all qualifications and licences necessary for carrying on its proposed businesses, including the EDI Licence, the ICP Licence, the Multi-party Communication Licence and the Network Culture Operation Licence. The relevant businesses and operations therefore cannot be divided among different operating entities for the purpose of separately applying for or holding the requisite licences.

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We further noted that, having regard to the integrated nature of the proposed operations of the “Pingou” APP and the applicable PRC regulatory requirements, its operating entity is required to apply for and hold, on a unified basis, the EDI Licence, the ICP Licence, the Multi-party Communication Licence and the Network Culture Operation Licence. The businesses and operations covered by these licences cannot be divided among different operating entities. Accordingly, the Group cannot adopt the VIE Arrangement solely in respect of the ICP Licence and the Network Culture Operation Licence while separately holding, through another operating entity, the EDI Licence and the Multi-party Communication Licence. As advised by the PRC Legal Adviser, in view of the applicable foreign investment restrictions and prohibitions, the operating entity of the “Pingou” APP must be wholly owned by one or more PRC domestic shareholders. On this basis, we concur with the Directors’ view that the VIE Arrangement is necessary to enable the Group to operate the “Pingou” APP business in compliance with the applicable PRC Laws and regulations.

As further discussed in the section headed “4.2. The VIE Arrangement and the VIE Agreements – Assessment” in this letter, we consider that the VIE Structure is necessary and narrowly tailored to enable the Group to conduct the “Pingou” APP business in compliance with the applicable PRC Laws and regulations and, through contractual arrangements, to exercise effective control over the OPCO and obtain substantially all of the economic benefits generated by it. We further noted that the VIE Agreements contain various mechanisms to give effect to such control and economic entitlement. These include: (i) the payment by the OPCO to Wuxi Information of service fees equivalent to 100% of the OPCO’s net income under the Exclusive Business Cooperation Agreement; (ii) the contractual authorisation for Wuxi Information or its designated person(s) to exercise the shareholder rights attached to the equity interests in the OPCO; (iii) the exclusive right of Wuxi Information to acquire all or part of the equity interests and/or operating assets of the OPCO to the extent permitted under PRC Laws; and (iv) the pledge of all equity interests in the OPCO in favour of Wuxi Information to secure the performance of the contractual obligations of the OPCO and the PRC Equity Owner.

We also noted from the Board Letter that the Group intends to implement various financial, operational, asset and compliance monitoring measures in relation to the OPCO. These measures include, among other things: (i) the appointment by Wuxi Information of the finance personnel and core management personnel of the OPCO; (ii) the requirement for major financial and business decisions of the OPCO to be subject to the prior approval of Wuxi Information; (iii) the review by Wuxi Information of the OPCO’s major contracts; and (iv) the establishment of a dedicated team to monitor the maintenance of the licences and permits required for the operation of the “Pingou” APP. Together with the VIE Agreements, these internal control measures are intended to enable the Group to monitor and exercise effective control over the operations of the OPCO.

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Taking into account: (i) that the proposed operation of the “Pingou” APP is in line with the Group’s existing business segments, namely the Software Platform Business, the Advertising e-commerce and Supply Chain Management Services Business and the Sales of Products Business, and may broaden the Group’s business coverage and income sources; (ii) that the relevant business functions of the “Pingou” APP are highly integrated and are required to be operated through a single operating entity holding all the relevant licences; (iii) that the Group is unable to directly hold any equity interest in the OPCO due to the applicable PRC foreign investment restrictions; (iv) that the VIE Agreements are intended to enable the Group to exercise effective control over the OPCO and obtain substantially all of the economic benefits generated by it; (v) that the VIE Structure may facilitate the Group’s expansion into the PRC e-commerce market and generate multiple potential revenue streams, including revenue from self-operated product sales, platform services, livestreaming-related businesses and advertising services; and (vi) the contractual arrangements and internal control measures proposed to safeguard the Group’s interests in the OPCO, we consider the entry into the VIE Agreements and the transactions contemplated thereunder to be justifiable and in the interests of the Company and the Shareholders as a whole.

3. Industry overview

In assessing the business prospects of the proposed operation of the “Pingou” APP, we have conducted independent research on the e-commerce and internet-related industries in the PRC.

According to an article namely “Total Retail Sales of Consumer Goods in December 2025 published by ”the National Bureau of Statistics of China (the “NBS”) in January 2026, the online retail sales in the PRC amounted to approximately RMB15,972.2 billion in 2025, representing an increase of approximately 8.6% as compared with the preceding year. In particular, online retail sales of physical goods amounted to approximately RMB13,092.3 billion, representing an increase of approximately 5.2% and approximately 26.1% of the total retail sales of consumer goods in the PRC in 2025. As further referred to the article namely “Total Retail Sales of Consumer Goods in the First Half of 2026” published by the NBS in July 2026, the online retail sales of goods in the PRC amounted to approximately RMB6,429.6 billion for the first half of 2026, representing an increase of approximately 4.8% as compared with the corresponding period in 2025, indicating that the PRC online retail market continued to record growth during the first half of 2026. Therefore, we noted that online retail sales of goods in the PRC recorded year-on-year growth in both 2025 and the first half of 2026, indicating that the PRC online retail market continued to grow during the respective periods.

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In addition, according to the 57th Statistical Report on Internet Development in China* (《第57次中國互聯網絡發展狀況統計報告》) published by the China Internet Network Information Center (“CNNIC”) in February 2026, as at the end of 2025, the number of internet users in the PRC reached approximately 1.125 billion and the internet penetration rate reached approximately 80.1%. CNNIC also mentioned that digital consumption continued to be an important component of the PRC consumer market. We further noted that, according to the China Internet Audio-visual Development Research Report (2026)* (《中國網絡視聽發展研究報告(2026)》) published by China Netcasting Services Association (“CNSA”) in April 2026, the number of online audio-visual users in the PRC reached approximately 1.099 billion as at the end of 2025 and the estimated market size of the online audio-visual industry revenue amounted to approximately RMB1,287.7 billion in 2025, representing an increase of approximately 5.3%. Based on the official websites of CNNIC and CNSA, CNNIC is a public institution affiliated with the Ministry of Industry and Information Technology of the PRC, and CNSA is a national-level industry organisation established in August 2011 which operates under the guidance of the National Radio and Television Administration.

Having considered that (i) the online retail sales in the PRC amounted to approximately RMB15,972.2 billion in 2025 and continued to record year-on-year growth in both 2025 and the first half of 2026; (ii) the number of internet users in the PRC reached approximately 1.125 billion with an internet penetration rate of approximately 80.1% as at the end of 2025; and (iii) the number of online audio-visual users in the PRC reached approximately 1.099 billion as at the end of 2025, we are of the view that the aforesaid market scale, continued growth in online retail sales and substantial internet and online audio-visual user base provide an established market base for the proposed operation of the “Pingou” APP. Accordingly, we consider that the proposed operation of the “Pingou” APP may provide the Group with an opportunity to further develop its existing businesses and expand its presence in the PRC e-commerce market.

4. The VIE Arrangement and the VIE Agreements

4.1 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 after the approval of the VIE Arrangement has been obtained by means of ordinary resolution(s) passed in the EGM.
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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.

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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 provide any consultation and/or services to the OPCO, the revenue derived thereunder shall be ultimately received by the Group via Wuxi Information.

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

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(ii) the PRC Equity Owner

(iii) the OPCO

Term: The Exclusive Purchase Right Agreement shall become effective after the approval of the VIE Arrangement has been obtained by means of ordinary resolution(s) passed in the EGM 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 at the nominal consideration of HK\$1.00, to the extent permitted under PRC Laws.

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.

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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 after the approval of the VIE Arrangement has been obtained by means of ordinary resolution(s) passed in the EGM and the equity pledge thereunder takes effect from the I&C Registration Date and the term shall end upon:

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- (a) all contractual obligations pursuant to the VIE Agreements have been fulfilled and discharged;
- (b) the exercise of 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.

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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 after the approval of the VIE Arrangement has been obtained by means of ordinary resolution(s) passed in the EGM 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);

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- (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.

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(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) 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, she shall not make any claim for division of such equity interests or income; and (iv) if she acquires any equity interests in OPCO for any reason, she shall be bound by the VIE Agreements.

For the avoidance of doubt, all of the VIE Agreements prescribed above have been executed or entered into on 27 August 2026, but will only become effective 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.

4.2 *Assessment*

We have reviewed the VIE Agreements and the PRC Legal Opinion. Based on the PRC Legal Opinion, we understand that, subject to the possibility of facts or circumstances not known to the PRC Legal Adviser, future changes in PRC Laws, judicial interpretations or regulatory policies, and the discretion of the relevant PRC authorities in interpreting and enforcing the applicable requirements, as at the date of the PRC Legal Opinion, there are no currently effective PRC Laws or regulations which expressly prohibit foreign investors from using contractual arrangements, in lieu of direct equity ownership, to obtain control over and economic benefits from entities conducting the relevant value-added telecommunications, multi-party communication and internet culture businesses.

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The PRC Legal Adviser has further advised that, save for the limitations relating to certain arbitration remedies and interim measures as discussed below, the VIE Agreements, upon being duly executed and becoming effective, will be legal, valid and binding on the respective parties thereto and generally enforceable under PRC Laws. The VIE Agreements provide a contractual mechanism through which Wuxi Information may exercise effective control over the finance, business and operations of OPCO and obtain substantially all of the economic benefits generated by OPCO.

The PRC Legal Adviser has also advised that the VIE Agreements do not fall within the circumstances of “malicious collusion to harm the legitimate rights and interests of others” under Article 154 of the PRC Civil Code. We further noted that, following the commencement of the PRC Civil Code and the simultaneous repeal of the Contract Law of the PRC on 1 January 2021, “using a legal form to conceal an illegal purpose” is no longer stipulated as a statutory ground for invalidating a contract under the PRC Civil Code. Any dispute arising under the Exclusive Business Cooperation Agreement, the Exclusive Purchase Right Agreement or the Equity Pledge Agreement shall be submitted to arbitration in accordance with the applicable arbitration rules. Subject to applicable laws and arbitration rules, the relevant VIE Agreements provide that the arbitral tribunal may grant remedies over the equity interests and/or assets of the OPCO, grant injunctive relief in relation to the conduct of its business or compel the transfer of its assets, and order the winding-up of the OPCO. The VIE Agreements also provide that, while awaiting the formation of the arbitral tribunal or under other appropriate circumstances, the parties may seek temporary injunctive relief or other interim remedies from courts with jurisdiction, including courts in Hong Kong, the Cayman Islands, the PRC and the jurisdiction in which the principal assets of the Company or the OPCO are located.

Pursuant to the Equity Pledge Agreement, all equity interests in OPCO held by the PRC Equity Owner shall be pledged to Wuxi Information as security for the performance of the obligations of the PRC Equity Owner and OPCO under the VIE Agreements, including the payment of service fees by OPCO to Wuxi Information under the Exclusive Business Cooperation Agreement. The Equity Pledge Agreement is therefore intended to safeguard Wuxi Information’s rights and interests under the VIE Agreements and support its effective control over OPCO.

Pursuant to the Exclusive Business Cooperation Agreement, Wuxi Information shall act as the exclusive service provider to OPCO and provide comprehensive business support, technical services and consulting services relating to the business operations of OPCO. In consideration of such services, OPCO shall pay Wuxi Information service fees equivalent to 100% of its net income, being its net profit after tax, on an annual basis. Accordingly, the service fee arrangement is intended to enable Wuxi Information to obtain substantially all of the economic benefits generated by OPCO.

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As confirmed by the Directors following discussions with the auditors of the Company, upon the execution and effectiveness of the VIE Agreements, the financial position and results of operations of the OPCO will be consolidated into the consolidated financial statements of the Group. Accordingly, the assets, liabilities, revenue, expenses and results of operations of the OPCO will be reflected in the Group's consolidated financial statements. The proposed operations of the OPCO may provide the Group with additional potential revenue streams, but the Group will also be exposed to the operating losses, liabilities and financial-support requirements of the OPCO.

We further noted that certain contractual arrangements and undertakings have been put in place to address the potential conflicts of interest and other risks arising from the PRC Equity Owner's legal ownership of the equity interests in the OPCO. In particular: (i) pursuant to the Exclusive Purchase Right Agreement, the PRC Equity Owner has irrevocably granted Wuxi Information, to the extent permitted under PRC Laws, the exclusive right to purchase, or designate one or more persons to purchase, all or part of the equity interests in the OPCO held by him for a nominal consideration of HK\$1.00 or, where a different consideration is required under applicable PRC Laws, at the minimum consideration permitted thereunder. Prior to completion of any such acquisition, Wuxi Information shall have management rights over the OPCO and the exclusive right to purchase all or part of its operating assets to the extent permitted under PRC Laws; (ii) pursuant to the Letter of Authorisation for Shareholder Rights, the PRC Equity Owner has irrevocably authorised Wuxi Information or its designated person(s) to exercise all shareholder rights attached to his equity interests in the OPCO, including the voting rights, the rights to appoint or remove directors and senior management, manage and dispose of the business and assets of the OPCO, and receive dividends, distributions and other economic benefits arising from such equity interests; and (iii) the Confirmation Letter and the Spouse Undertaking Letter are intended to mitigate the risks arising from succession, incapacity, marital property, divorce and other circumstances that may affect the ownership of, or the exercise or disposal of rights attaching to, the equity interests in the OPCO.

In addition, we noted that the VIE Agreements contain various restrictive covenants designed to safeguard the Group's interests in the OPCO. In particular, without the prior written consent of Wuxi Information, the OPCO or the PRC Equity Owner, as applicable, shall not, among other things: (i) dispose of, transfer or create any encumbrance over the material assets or businesses of the OPCO; (ii) alter the registered capital or corporate structure of the OPCO; (iii) enter into any partnership or joint venture or profit sharing arrangement with a third party; or (iv) declare or make any dividend, distribution or other payment of economic benefits.

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We further noted that the Group will implement the internal control measures set out in the section headed “INTERNAL CONTROL MEASURES” in the Board Letter to monitor the operations of the OPCO and the performance and implementation of the VIE Agreements. Such measures comprise financial controls, operational controls, asset controls and compliance-monitoring measures. Together with the contractual rights conferred under the VIE Agreements, these internal control measures are intended to enable the Group to monitor and exercise effective control over the finance, business and operations of the OPCO.

Notwithstanding that the Group will not directly hold any equity interest in the OPCO, having considered that: (i) pursuant to the VIE Agreements, Wuxi Information will be entitled to exercise effective control over the finance, business and operations of the OPCO and obtain substantially all of the economic benefits generated by it; (ii) the financial position and results of operations of the OPCO will be consolidated into the consolidated financial statements of the Group, such that the profits or losses generated by the OPCO, and the financial effects of any support provided by the Group to the OPCO, will be reflected in the Group’s consolidated financial statements; (iii) the Letter of Authorisation for Shareholder Rights authorises Wuxi Information or its designated person(s) to exercise all shareholder rights attached to the equity interests in the OPCO, including rights relating to the management of its business, operations and assets; (iv) the Exclusive Purchase Right Agreement grants Wuxi Information management rights over the OPCO and the exclusive right to acquire all or part of the equity interests and/or operating assets of the OPCO to the extent permitted under PRC Laws; (v) the Confirmation Letter and the Spouse Undertaking Letter mitigate the risks arising from succession, incapacity, marital property and other circumstances affecting the ownership of, or rights attaching to, the equity interests in the OPCO; and (vi) the Equity Pledge Agreement, the restrictive covenants under the VIE Agreements and the internal control measures provide additional safeguards for the Group’s interests in the OPCO, we concur with the Directors’ view that the terms of the VIE Agreements are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and that the entry into the VIE Agreements and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

We also consider that the VIE Agreements are narrowly tailored to achieve the business purposes of the OPCO and minimise the potential for conflict with the relevant PRC Laws and regulations, in accordance with the principles set out in HKEx Guidance Letter HKEx-GL77-14.

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4.3 Risk factors in relation to the VIE Agreements

We have also reviewed the risk factors in relation to the VIE Agreements as disclosed in the Board Letter. In particular, we noted that (i) 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; (ii) the VIE Agreements may not be as effective as direct ownership in providing control over the OPCO; (iii) the contractual arrangements may be subject to scrutiny of the PRC tax authorities and transfer pricing adjustments and additional tax may be imposed; (iv) certain terms of the VIE Agreements may not be enforceable under PRC Laws; (v) there may be conflict of interests and succession matters; (vi) 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; (vii) the Group may bear economic risk which may arise from difficulties in the operation of the OPCO; and (viii) the Company does not have any insurance which covers the risks relating to the VIE Agreements and the transactions contemplated thereunder.

Notwithstanding the aforesaid risks, we noted that the VIE Agreements contain various contractual arrangements and the Group will implement the internal control measures as set out in the Board Letter to safeguard the Group's interests in the OPCO. In particular, such internal control measures include, among others, (i) financial controls, whereby Wuxi Information shall appoint the chief financial officer and finance personnel of the OPCO, manage the bank accounts of the OPCO through its designated personnel, require the prior approval of Wuxi Information for all major financial decisions of the OPCO and regularly review the financial statements of the OPCO; (ii) operational controls, whereby Wuxi Information shall appoint the general manager and core management personnel of the OPCO, all major business decisions and major contracts of the OPCO shall be subject to the prior approval or review of Wuxi Information, Wuxi Information shall have custody of the constitutional items of the OPCO, including its company chop and seal, and the OPCO shall provide Wuxi Information with its relevant legal documents, business records, operational data and other information upon request; (iii) asset controls, including the pledge of all equity interests in the OPCO held by the PRC Equity Owner to Wuxi Information, Wuxi Information's exclusive right to acquire the equity interests in and operating assets of the OPCO to the extent permitted under PRC Laws, the ownership by and/or licensing from Wuxi Information or its designated entity of the intellectual property used in the operation of the "Pingou" APP, and the restriction on the OPCO from disposing of any material assets without the prior consent of Wuxi Information; and (iv) compliance monitoring, including the establishment of a dedicated team to monitor the maintenance of the licences and permits required for the operation of the "Pingou" APP, regular review of changes in the PRC Laws and regulations affecting the VIE Structure and regular communication with the PRC legal advisers of the Group to ensure ongoing compliance.

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We further noted that, based on the PRC Legal Opinion, save for the limitations relating to certain arbitration remedies and interim measures, the VIE Agreements, upon being duly executed and becoming effective, will be legal, valid and binding on the respective parties thereto and generally enforceable under PRC Laws, and provide a contractual mechanism through which Wuxi Information may exercise effective control over the finance, business and operations of the OPCO and obtain substantially all of the economic benefits generated by the OPCO.

Having considered that (i) the aforesaid risks are inherent in the VIE Arrangement and cannot be completely eliminated; (ii) the VIE Arrangement is necessary for the Group to operate the “Pingou” APP having regard to the applicable foreign investment restrictions in the PRC; (iii) the VIE Agreements contain various contractual arrangements to safeguard the Group’s interests in the OPCO; and (iv) the Group will implement the internal control measures as set out in the Board Letter, we consider that the aforesaid arrangements and measures are intended to mitigate, although cannot completely eliminate, the risks associated with the VIE Arrangement. Accordingly, notwithstanding the aforesaid risks, we consider that the entry into the VIE Agreements remains in the interests of the Company and the Shareholders as a whole.

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5. The waiver from strict compliance with the GEM Listing Rules

In assessing the fairness and reasonableness of the duration of the VIE Agreements, we have conducted research on variable interest entity structures and/or contractual arrangements adopted by companies which: (i) are listed on the Stock Exchange; (ii) announced, during the 12-month period immediately preceding the date of the announcement of the Company in relation to the VIE Agreements, the entry into new contractual arrangements or reproduction of existing contractual arrangements and up to and including the Latest Practicable Date; and (iii) adopted such arrangements to obtain control over PRC-incorporated entities operating businesses in which foreign investment is restricted or prohibited under the relevant PRC Laws and regulations (the “Comparable Transactions”).

Despite the fact that the underlying businesses conducted under the VIE arrangements of the Comparable Companies are not identical to that of the OPCO, having considered that (i) the VIE arrangements of the Comparable Companies were generally established to address restrictions on foreign ownership of the relevant regulated businesses and to enable the respective listed groups to exercise control over, and obtain the economic benefits from, the relevant operating entities through contractual arrangements; and (ii) the Comparable Companies were selected based on the selection criteria set out above without any subjective selection on our part, we consider that the Comparable Companies are appropriate and comparable for the purpose of our analysis.

Based on the above criteria, we identified an exhaustive list of 5 Comparable Transactions, details of which are set out below.

No	Date of announcement	Company name (stock code)	Businesses contemplated under the cooperation or service agreements	Duration of the cooperation or service agreements	Reasons to establish the VIE arrangement	Relevant waiver/exemption
1	1 July 2026	Neutech Group Limited (stock code: 9616)	Operation of the Citywide Smart Elderly Care Platform through WeChat mini-programs to provide profitable internet information services to third-party vendors and customers in the PRC.	No fixed term	PRC foreign-investment rules cap foreign ownership in the relevant value-added telecommunications services at 50%. Ruixin Cloud holds the ICP and EDI licences required for the online business; the VIE structure enables the Group to control Ruixin Cloud and obtain its entire economic benefits.	Waiver was granted under Rule 14A.102 from (i) the requirement to limit the VIE Agreements to three years or less under Rule 14A.52; and (ii) the annual cap requirement under Rule 14A.53.

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No	Date of announcement	Company name (stock code)	Businesses contemplated under the cooperation or service agreements	Duration of the cooperation or service agreements	Reasons to establish the VIE arrangement	Relevant waiver/exemption
2	26 June 2026	JD Health International Inc. (stock code: 6618)	Provision of value-added telecommunications services and online hospital services in the PRC through Suqian Tanning and its subsidiaries, which hold the relevant licences.	No fixed term	Foreign investors are restricted from conducting value-added telecommunications services and prohibited from conducting online hospital services in the PRC. The arrangements allow the WFOE to control Suqian Tanning, receive its economic benefits and consolidate its results.	The new contractual arrangements continue to fall within the scope of the IPO waiver and are exempt from (i) independent Shareholders' approval; (ii) the annual cap requirement under Rule 14A.53; and (iii) the requirement of limiting the term to three years or less under Rule 14A.52.
3	16 April 2026	Defeng Solife Holdings Limited (stock code: 8403)	Operation of the 'Gege Jicai' e-commerce platform in the PRC for the online supply and sale of agricultural products, including third-party platform services.	3-year term	To comply with PRC foreign investment restrictions applicable to value-added telecommunications and internet information services and to enable the Group to obtain/control the required ICP licence and related e-commerce platform operations.	The VIE agreements are exempt from the announcement, shareholders' approval, reporting and annual review requirement under Chapter 20 of the GEM Listing Rules as the applicable percentage ratio is less than 5% and the total consideration/financial assistance is less than HK\$3 million.
4	2 April 2026	Xiaomi Corporation (stock code: 1810)	Operations of Xiaomi's consolidated affiliated entities in industries subject to PRC foreign investment restrictions/prohibitions, including Xiaomi Inc., Beijing Wali Internet, Youpin Information Technology and Beijing Electronic Software.	No fixed term	Certain businesses currently or potentially operated by the group are subject to PRC foreign investment restrictions. The new arrangements also streamline administration following changes in registered shareholders.	The New Contractual Arrangements continue to fall within the scope of the IPO Waiver and are exempt from (i) independent Shareholders' approval; (ii) the annual cap requirement under Rule 14A.53; and (iii) the requirement of limiting the term to three years or less under Rule 14A.52.
5	5 February 2026	Wanka Online INC. (stock code: 1762)	Distribution of mobile applications and games, mobile co-publishing and online-video distribution services in the PRC, including internet culture businesses requiring the relevant licence.	10-year term	Internet culture business (other than permitted categories) is prohibited to foreign investment and requires an Internet Culture Business Licence. The arrangements allow the group to continue controlling and receiving all economic benefits from the affiliated entities.	The new contractual arrangements fall within the scope of the Wanka Online INC.'s IPO waiver and are exempt from strict compliance with (i) announcement, circular and independent shareholders' approval requirements; (ii) the annual cap requirement under Rule 14A.53; and (iii) the requirement of limiting the term to three years or less under Rule 14A.52.

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Although the underlying businesses of the Comparable Transactions are not identical to that of the OPCO, we consider them relevant for the purpose of assessing the duration of the VIE Agreements, as each transaction involves the use of contractual arrangements by a Hong Kong-listed group to exercise effective control over, and obtain substantially all of the economic benefits generated by, a PRC operating entity conducting businesses subject to foreign investment restrictions or prohibitions.

As shown above, the durations of the principal business cooperation or service agreements under the Comparable Transactions range from an initial term of three years to no fixed term. Four of the five Comparable Transactions involve contractual arrangements with a term exceeding three years or with no fixed term. In particular, the contractual arrangements of WANKA ONLINE INC. (stock code: 1762) have an initial term of ten years with renewal rights, while the contractual arrangements of Neutech Group Limited (stock code: 9616), JD Health International Inc. (stock code: 6618) and Xiaomi Corporation (stock code: 1810) are not limited to a fixed term of three years. We further noted that each of these four Comparable Transactions was granted, or continued to fall within the scope of, a waiver from the relevant requirement under the Listing Rules to limit the term of the contractual arrangements to three years or less. Having considered the Comparable Transactions as a whole, we consider that it is not uncommon, and is consistent with market practice, for contractual arrangements of a similar nature to remain effective for a period exceeding three years, particularly where the relevant foreign investment restrictions or prohibitions continue to apply.

We have also considered the nature and purpose of the VIE Agreements. The VIE Agreements form an integral part of the Group's corporate and operating structure in relation to the operation of the "Pingou" APP and are required to remain effective for so long as the applicable foreign investment restrictions or prohibitions continue and the VIE Arrangement remains necessary. The VIE Agreements enable Wuxi Information, on a continuing basis, to exercise effective control over the OPCO, obtain substantially all of the economic benefits generated by the OPCO and retain the exclusive right to acquire the equity interests and/or assets of the OPCO when permitted under PRC Laws. If the VIE Agreements were limited to a term of three years, the Group would be required to renew or re-enter into the relevant contractual arrangements periodically while the applicable regulatory restrictions remain in place, which may create unnecessary renewal risk and potential disruption to the continuity of the Group's operations.

Having considered the above, including the nature and purpose of the VIE Agreements and the Comparable Transactions, we consider that a duration of more than three years is required in the circumstances of the VIE Agreements and confirm, for the purpose of GEM Rule 20.50, that it is normal business practice for contractual arrangements of this type to be of such duration.

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Waiver from setting a maximum aggregate annual cap pursuant to Rule 20.51 of the GEM Listing Rules for the service fees payable by the OPCO to Wuxi Information under the Exclusive Business Cooperation Agreement

Pursuant to the Exclusive Business Cooperation Agreement, 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 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.

In addition, following the execution and becoming effective of the VIE Agreements, Wuxi Information will be contractually authorised to exercise, in substance, all shareholder rights attached to the equity interests in the OPCO held by the PRC Equity Owner and will be entitled to exercise effective control over the finance, business and operations of the OPCO. Accordingly, substantially all of the economic benefits generated by the OPCO are intended to be transferred to Wuxi Information through the payment of the service fees, and neither the PRC Equity Owner nor the OPCO is intended to retain any residual economic benefits attributable to the equity interests in the OPCO, subject to the OPCO's operating requirements and the applicable PRC Laws.

The VIE Arrangement is therefore economically similar, in substance, to the Group operating the OPCO as a controlled subsidiary, subject to the legal and enforcement risks inherent in contractual arrangements of this nature. As the Group is intended to obtain substantially all of the economic benefits generated by the OPCO, the imposition of a maximum annual cap on the service fees would restrict the transfer of such economic benefits from the OPCO to the Group and may prevent the VIE Agreements from fully achieving their intended commercial purpose.

6. Conditions of the Waiver

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 Rule 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.

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(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 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 has 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 such business operated under the VIE Arrangements, 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 Arrangements 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 such business operated under the VIE Arrangements 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.

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(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 subparagraph (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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Our view

Having considered the Waiver Conditions, we consider that they provide adequate safeguards for the interests of the Company and the Shareholders as a whole. In particular: (i) no changes to the terms of any of the agreements underlying the VIE Agreements may be made without the approval of the independent non-executive Directors and, save for any renewal or reproduction permitted under the Waiver Conditions, the Independent Shareholders; (ii) the VIE Agreements must continue to enable the Group to receive substantially all of the economic benefits generated by the OPCO through: (a) the Group's exclusive right to acquire all or part of the equity interests in the OPCO, to the extent permitted under PRC Laws, for a nominal consideration of HK\$1.00; (b) the business structure under which the profits generated by the OPCO are substantially retained by Wuxi Information; and (c) Wuxi Information's rights to control the management and operations of, and exercise, in substance, all voting rights attached to the equity interests in, the OPCO; (iii) any renewal or reproduction of the VIE Arrangement must be justified by business expediency and entered into on substantially the same terms as the existing VIE Arrangement; and (iv) the VIE Arrangement will remain subject to ongoing disclosure, annual review by the independent non-executive Directors and the auditors of the Company, and the provision by the OPCO of full access to its relevant records to the Group's management and the auditors of the Company. Accordingly, we consider that the granting of the waivers would not prejudice the interests of the Company or the Independent Shareholders.

7. Possible financial effects of the VIE Agreements

As confirmed by the Directors following discussions with the auditors of the Company, upon the execution and effectiveness of the VIE Agreements, the financial position and results of operations of the OPCO will be consolidated into the consolidated financial statements of the Group. Accordingly, the assets, liabilities, revenue, expenses and results of operations of the OPCO will be reflected in the Group's consolidated financial statements. The proposed operations of the OPCO may provide the Group with additional potential revenue streams, but the Group will also be exposed to the operating losses, liabilities and financial-support requirements of the OPCO.

RECOMMENDATION

With respect to the waiver from strict compliance with the requirement under Rule 20.50 of the GEM Listing Rules to limit the term of the VIE Agreements to three years or less, having considered that the durations of the principal business cooperation or service agreements under the Comparable Transactions range from an initial term of three years to no fixed term, and that the five Comparable Transactions represent five distinct underlying VIE arrangements, we consider that it is not uncommon, and is consistent with market practice, for contractual arrangements of a similar nature to remain effective for a period exceeding three years. We further consider that such duration is justified by the nature of the VIE Arrangement, as the contractual arrangements are required to remain effective for so long as the applicable PRC foreign investment restrictions or prohibitions prevent the Group from directly holding the equity interests in the OPCO.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

With respect to the waiver from strict compliance with the annual cap requirement under Rule 20.51 of the GEM Listing Rules, we noted that the service fees payable by OPCO to Wuxi Information under the Exclusive Business Cooperation Agreement are equivalent to 100% of the net income of OPCO and are intended to enable Wuxi Information to obtain substantially all of the economic benefits generated by OPCO. Accordingly, we consider that setting a maximum aggregate annual cap on such service fees would restrict the flow of the economic benefits generated by OPCO to the Group and would be inconsistent with the purpose of the VIE Arrangement.

Having taken into consideration the factors and reasons that: (i) the proposed operation of the “Pingou” APP is in line with and complementary to the Group’s existing businesses; (ii) the VIE Arrangement is necessary for the Group to operate the “Pingou” APP having regard to the applicable PRC foreign investment restrictions; (iii) the VIE Agreements enable Wuxi Information to exercise effective control over the OPCO and obtain substantially all of the economic benefits generated by the OPCO; (iv) the VIE Agreements and the internal control measures provide safeguards for the Group’s interests in the OPCO and mitigate, although not completely eliminate, the risks associated with the VIE Arrangement; and (v) the duration of the VIE Agreements and the waiver from setting annual caps are consistent with the nature and purpose of the VIE Arrangement, we are of the opinion that (i) the terms of the VIE Agreements are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the entering into of the VIE Agreements is in the interests of the Company and the Shareholders as a whole and is conducted in the ordinary and usual course of business of the Group. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the EGM to approve the VIE Agreements and the transactions contemplated thereunder, and we recommend the Independent Shareholders to vote in favour of the resolution(s) in this regard.

Yours faithfully,
For and on behalf of
Merdeka Corporate Finance Limited
Wallace So
Managing Director

Mr. Wallace So is a licensed person registered with the Securities and Futures Commission of Hong Kong, a responsible officer of Merdeka Corporate Finance Limited to carry out type 6 (advising on corporate finance) regulated activity under the SFO and a licensed representative of Merdeka Investment Management Limited to carry out type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO. Mr. Wallace So has over 13 years of experience in the corporate finance industry.

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. DISCLOSURE OF INTERESTS

(a) Interests and short positions of the Directors and the chief executive of the Company in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) 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 (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Name	Nature of interest	Number of Shares interested	Approximate percentage of shareholding
Mr. Liu Guanzhou (“ Mr. Liu ”)	Interest in controlled corporation	175,499,750	38.31%

Notes:

- (1) Hengli Holding Group Limited is a company incorporated in the BVI and is wholly-owned by Mr. Liu. Mr. Liu is deemed to be interested in all the Shares held by Hengli Holding Group Limited for the purpose of the SFO. Ms. Zhang Jiahui is the spouse of Mr. Liu Guanzhou. Under the SFO, Ms. Zhang is deemed to the interest in all the Company’s share in which Mr. Liu is interested.

Long positions in underlying Shares of the Company

Name of Director	Type of interests	Description of equity derivatives	Number of underlying Shares	Percentage of the issued share capital of the Company
N/A				

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) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial Shareholders

So far as is known to the Directors and the chief executive, as at the Latest Practicable Date, the following person (not being Director or chief executive of the Company) had, or was deemed to have, interests or short positions in the shares or underlying shares which would fall 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 who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

(i) Long positions in Shares

Name	Nature of interest	Number of Shares interested ⁽¹⁾	Approximate percentage of shareholding in the total Shares ⁽²⁾
Hengli Holding Group Limited ⁽³⁾	Beneficial owner	175,499,750 (L)	38.31%
Ms. Zhang Jiahui	Spousal Interest	175,499,750 (L)	38.31%

Notes:

- (1) The letter “L” denotes the person’s long position in the Shares.
- (2) Calculated based on the total number of 458,150,400 Shares in issue as at the Latest Practicable Date.
- (3) Hengli Holding Group Limited is a company incorporated in the BVI and is wholly-owned by Mr. Liu Guanzhou. Mr. Liu Guanzhou is deemed to be interested in all the Shares held by Hengli Holding Group Limited for the purpose of the SFO. Ms. Zhang Jiahui is the spouse of Mr. Liu Guanzhou. Under the SFO, Ms. Zhang is deemed to the interest in all the Company’s share in which Mr. Liu is interested.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the shares or underlying shares (including any interests in options in respect of such capital), which would fall 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 who was expected, directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

3. 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.

4. 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 2025, 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.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors had confirmed that there had been no material adverse change in the financial or trading position of the Group since 31 December 2025, being the date to which the latest published audited consolidated financial statements of the Group were made up.

6. LITIGATION

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

7. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, no Director had any existing or proposed service contracts with the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

8. EXPERT AND CONSENT

The following is the qualification of the expert who has provided its advice, which is contained in this circular:

Name	Qualification
Jia Yuan Law Offices (嘉源律師事務所)	the PRC legal adviser to the Company
Merdeka Corporate Finance Limited	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

As at the Latest Practicable Date, the PRC legal adviser to the Company and the Independent Financial Adviser had given and had not withdrawn its written consent to the issue of this circular with the inclusion of their respective opinions, recommendations, letter of advice and all references to its name in the form and context in which they appear.

As at the Latest Practicable Date, the PRC legal adviser to the Company and the Independent Financial Adviser were not beneficially interested in the share capital of any member of the Group nor did any of them have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group nor did any of them have any interest, either direct or indirect, in any assets which had been, since the date to which the date to which the latest published audited consolidated financial statements of the Group were made up (i.e. 31 December 2025), acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to any member of the Group.

9. MATERIAL CONTRACTS

The following material contracts (not being contracts in the ordinary course of business) have been entered into by members of the Group within the two years preceding the Latest Practicable Date and are or may be material:

- (a) placing agreement dated 29 August 2025 entered into between the Company and Emperor Securities Limited as the placing agent in respect of the placing of 76,358,400 placing shares at the placing price of HK\$0.59 per placing share; and

- (b) lease agreement dated 1 August 2025 entered into between 東莞啟志科技有限公司 (Dongguan Qizhi Technology Co., Ltd.*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company (as tenant) and 東莞市弘智升實業投資有限公司 (Dongguan Hongzhisheng Industrial Investment Co., Ltd.*) (as landlord) in respect of the leasing of Room 2101, 21/F, Building 50, No. 2 Keji 10th Road, Songshan Lake Hi-tech Industrial Development Zone, Dongguan, Guangdong Province, the People's Republic of China.

10. DOCUMENTS ON DISPLAY

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

- (a) the written consent referred to in the paragraph headed “8. Experts and consents” in this appendix;
- (b) the Letter from the Independent Financial Adviser as set out on pages IFA-1 to IFA-35 of this circular; and
- (c) the VIE Agreements.

11. MISCELLANEOUS

- (a) The company secretary of the Company is Mr. Leung Tze Wai (“**Mr. Leung**”). Mr. Leung, aged 42, holds a Bachelor of Commerce degree in Accounting from the University of Adelaide in Australia. He is currently a member of the Hong Kong Institute of Certified Public Accountants and a member of the CPA Australia. Mr. Leung has over 15 years of experience in the auditing, accounting and financial sectors.
- (b) The principal place of business of the Company in Hong Kong Room 4801, 48/F, Hopewell Centre, No. 183 Queen's Road East, Wanchai, Hong Kong.
- (c) The share registrar of the Company in Hong Kong is Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (d) The English text of this circular and the accompanying form of proxy shall prevail over their respective Chinese text in case of inconsistency.

NOTICE OF THE EGM



悟喜生活
— WUXI LIFE —

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 “**EGM**”) of Wuxi Life International Holdings Group Limited (the “**Company**”) will be held at Room 2101, 21/F, Building 50, No. 2 Keji 10th Road, Songshan Lake Hi-tech Industrial Development Zone, Dongguan, Guangdong Province, the People’s Republic of China on Friday, 18 September 2026 at 11:00 a.m. for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution as the ordinary resolution of the Company (unless otherwise indicated, capitalised terms used in this notice shall have the same meanings as those defined in the circular of the Company dated 28 August 2026 (the “**Circular**”)):

ORDINARY RESOLUTION

1. “**THAT:**

- (a) the entering into of the VIE Agreements (as defined in the Company’s circular dated 28 August 2026 (the “**Circular**”)), a copy of which has been produced to the meeting marked “A” and initialed by the chairman of the meeting for identification purpose, and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed; and

NOTICE OF THE EGM

- (b) any one or more directors of the Company (the “**Director(s)**”) (or any person authorised by them) be and is/are hereby authorised to prepare, sign, execute and deliver all such other documents, instruments and agreements for and on behalf of the Company, to take any and all steps and to do all such other or further acts and things considered necessary, appropriate, expedient or desirable by such Director(s) (or any person authorised by them) to implement and/or give effect to the VIE Arrangement, VIE Agreements and the transactions contemplated thereunder, and to agree to all such variation, revision, amendments or waiver of matters relating thereto as are, in the opinion of the Director(s) (or any person authorised by them), in the interests of the Company.

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

Hong Kong, 28 August 2026

Registered office

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal place of business in Hong Kong

Room 4801, 48/F, Hopewell Centre
No. 183 Queen’s Road East
Wanchai, Hong Kong

Notes:

1. Individual shareholders who wish to attend the meeting in person shall produce their identity cards or other effective document or proof of identity and stock account cards. Proxies of individual shareholders shall produce their effective proof of identity and form of proxy. A corporate shareholder should attend the meeting by its legal representative or proxy appointed by the legal representative. A legal representative who wishes to attend the meeting should produce his/her identity card or other valid documents evidencing his/her capacity as a legal representative. If appointed to attend the meeting, the proxy should produce his/her identity card and an authorisation instrument duly signed by the legal representative of the corporate shareholder.
2. A form of proxy for use at the EGM or any adjournment thereof is enclosed. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.
3. A member entitled to attend and vote at the EGM is entitled to appoint one or more proxy to attend and, subject to the provisions of the articles of association of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the EGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of Shares in respect of which each such proxy is so appointed.

NOTICE OF THE EGM

4. In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority, at branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time fixed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of a form of proxy will not preclude a member from attending in person and voting at the EGM or any adjournment thereof, should he so wish.
5. For the purpose of determining the Shareholders who are entitled to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, 15 September 2026 to Friday, 18 September 2026, both days inclusive. In order to qualify for attending and voting at the EGM, all transfer documents together with the relevant share certificates must be lodged for registration at branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. (Hong Kong time) on Monday, 14 September 2026.
6. In the case of joint holders of shares, any one of such holders may vote at the EGM, either personally or by proxy, in respect of such share as if he was solely entitled thereto, but if more than one of such joint holder are present at the EGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.
7. Pursuant to Rule 17.47(4) of the GEM Listing Rules, all resolution at the EGM will be conducted by way of a poll. Results of the poll voting will be posted on the website of the Company (www.wuxilife.com.hk) and the website of the Stock Exchange (www.hkexnews.hk) upon the conclusion of the EGM.
8. Shareholders attending the EGM are responsible for their own transportation and accommodation expenses.
9. The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.

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 notice, 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 notice 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 notice misleading.

This notice 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.