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易生活控股有限公司
Elife Holdings Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 223)

ANNOUNCEMENT

RESPONSE TO THE OFFEROR'S RESPONSE TO CERTAIN DOCUMENTS ISSUED BY THE COMPANY

References are made to (i) the announcement issued by China Innovation Investment Limited (the "**Offeror**") on 8 December 2025 in relation to, among other things, certain documents issued by Elife Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**"), and the Offeror's response in respect of certain alleged governance and directorship issues of the Company (the "**Offeror Announcement**") and (ii) the announcement of the Company dated 24 December 2025 in relation to the fulfilment of resumption guidance and resumption of trading (the "**Resumption Announcement**"). Unless otherwise specified, the capitalised terms used herein shall have the same meanings as defined in the Offeror Announcement, the Forensic Investigation Announcement (as defined below), Internal Control Review Announcement (as defined below) and the Resumption Announcement.

RESPONSE TO THE OFFEROR'S RESPONSE TO CERTAIN DOCUMENTS ISSUED BY THE COMPANY

The suspension of trading of the shares of the Company commenced on 2 December 2024 at the request of the former Board, including the former Directors, Mr. Xiang Xin, Mr. Qiu Bin and Ms. Chen Xinqiong, who were nominated as Directors by the Offeror after it became the substantial shareholder of the Company. The trading suspension of the Company was purportedly requested as a result of certain allegations made by the former Board against Mr. Zhao and Ms. Qin which had allegedly led to a delay in despatch of the 2024 Interim Results and 2024 Interim Report. The trading suspension has now subsisted for over 12 months as at the date of this announcement.

Since the Company's trading suspension, the former Board deployed various tactics and engaged in a series of actions against the Company. These actions included the decisions regarding the postponement of the EGM *sine die* made by the former Board (including Mr. Xiang Xin, Mr. Qiu Bin and Ms. Chen Xinqiong), which were held by the High Court of Hong Kong to have been made for improper purposes in breach of their fiduciary duties, and such decisions were consequently declared void and set aside by the High Court of Hong Kong. Therefore, such tactics by the former Board ultimately failed.

The prolonged trading suspension has brought unfavourable consequences for the Company and its business operations. The trading suspension has directly led to a decline in the financial performance of the supply chain business of the Group. The uncertainty created by the suspension has also undermined customer confidence and prevented the Group from securing new business opportunities. Furthermore, the Company's trading suspension has impacted the Company's ability to raise funding to support its business needs.

The resumption of trading in the Company's shares is both essential and crucial to the business operations of the Company. Hence, after the removal of the entire former Board on 11 March 2025, the current Board has expended enormous time, effort and resources to demonstrate compliance with the Resumption Guidance and resume trading in the Company's shares as expeditiously as possible, including but not limited to (i) properly conducting the Forensic Investigation and the Internal Control Review; (ii) publishing all outstanding financial results and (iii) addressing queries from the regulators. At the same time, the current Board has continued to maintain and operate the Company's business to the best of its ability despite the severe constraints and challenges created by the trading suspension. The current Board has worked to preserve business relationships, retain key employees, and position the Company for recovery once trading resumes. As such, the Board firmly believes that the resumption of trading is in the best interests of the shareholders of the Company.

As required under the Resumption Guidance issued by the Stock Exchange, the Board would like to reiterate that the Company has undertaken comprehensive and independent Forensic Investigation and Internal Control Review processes, both of which were conducted by independent and experienced professional advisers, which have thoroughly examined and addressed each of the Forensic Issues and any internal control deficiencies identified in the Forensic Investigation Report and the Internal Control Review Report. The key findings of the Forensic Investigation and the Internal Control Review have been disclosed in (i) the announcement issued by the Company on 18 November 2025 in relation to the key findings of the Forensic Investigation (the "**Forensic Investigation Announcement**") and (ii) the announcement issued by the Company on 18 November 2025 in relation to the key findings of the Internal Control Review (the "**Internal Control Review Announcement**"), respectively. The true intent of the Offeror's deliberate and repeated questioning of matters that have already been investigated and satisfactorily addressed by the Forensic Investigation and Internal Control Review is questionable.

Notwithstanding the above, the Company would like to respond to certain alleged governance issues and directorship issues raised in the Offeror Announcement by way of this announcement, whilst noting that most of these matters have already been comprehensively dealt with in the Forensic Investigation and Internal Control Review:

(i) Revenue recognition and lack of VAT invoices for revenue

The Offeror's professed difficulty in understanding the customer invoicing quota issue demonstrates a lack of familiarity with PRC VAT regulations and commercial practices in the brand promotion industry. It had already been disclosed in the Forensic Investigation Announcement that the Independent Investigator noted that it is not uncommon for companies established in the PRC to recognise revenue before issuing VAT invoices. Given that revenue is recognised after it is earned (i.e. after goods or services are transferred to the customer and the company has fulfilled its obligations) pursuant to the applicable accounting standards, while the timing of VAT invoices may vary depending on the credit period granted, and the specific circumstances and negotiations between Yitie and its customers in accordance with the Brand Communication Business Management Standardised System (品牌傳播業務管理規範制度) of Yitie, there is naturally a timing difference between the amounts of VAT invoices and the revenue recognised or contract amounts.

The Independent Investigator also concluded that the revenue recognition of Yitie for the 2024 Interim Period was supported by customary supporting documents (e.g. the independent tracking and monitoring reports, broadcasting schedule form, schedule settlement form, case closure reports and completion confirmation form stamped by both Yitie and its customers) based on each type of media order, which evidence the completion of the relevant services.

As disclosed in the Internal Control Review Announcement, the IC Consultant has identified the issue that Yitie may issue VAT invoices according to customer requirements and there are situations where invoices are not issued in a timely manner in accordance with contract terms and project progress. To rectify this issue, the Group has established the Tax Declaration Management Policy, which sets out that invoicing shall be strictly based on conditions stipulated in the relevant contract with the customer (e.g. scheduled order/delivery/acceptance/periodic settlement/advance payment etc.) and shall follow a prescribed invoicing process, and no invoicing arrangements which are delayed, advanced, split or inconsistent with the relevant contract with the customer shall be made due to customer preferences, requests or commercial factors. Based on the samples obtained by the IC Consultant, the Group's business department has implemented the prescribed invoicing process after the conditions in the relevant customer contracts are met.

Furthermore, the independent tracking and monitoring reports issued by CTR Markets Research Co., Ltd (央視市場研究股份有限公司) (i.e. the independent broadcast reports as referred to in the Offeror Announcement) not being provided on the date of the then Board meeting on 29 November 2024 was due to the then Directors not having requested for such information prior to the then Board meeting. Such expectation was unreasonable given the absence of any prior request. Nonetheless, the Company has undertaken rectification measures recommended by the IC Consultant which include arranging and conducting specialised training for its finance department staff on topics of accounting procedures and bookkeeping and have updated its "Financial Statements Process" to ensure that relevant financial data and supporting documents are provided to the Board for review at least 5 days in advance. Based on the samples obtained by the IC Consultant, the financial statements and relevant supporting documents were provided to the Board by the prescribed time.

(ii) Alleged gross profit margin issues

The Offeror's observation regarding gross profit margin fluctuations states the obvious but lacks substantive rationale. The Offeror's focus on margin fluctuations ignores the commercial reality that the Company has been operating under the severe constraint of a trading suspension. The Offeror stated that the 2023 figures have been restated in the 2024/2025 interim report and the comparative figures were restated to re-present the results of discontinued operations. The Company would like to supplement that the segment results and revenue for the six months ended 30 September 2023 in respect of the Esmart digital services in note 4 to the financial statements of the 2024/2025 interim report (page 23 of the 2024/2025 interim report) had been restated to re-present the results of the Esmart digital services segment as discontinued operations (i.e. not as continuing operations) in accordance with the applicable accounting standards.

Furthermore, the decrease of HK$30,257,000 in both revenue and costs in the restated 2023 figures in respect of the supply chain business in note 4 to the financial statements of the 2024/2025 interim report (page 23 of the 2024/2025 interim report) as compared to the same 2023 figure in respect of the supply chain business in note 4 to the financial statements of the 2023/2024 interim report (page 18 of the 2023/2024 interim report) was due to the nature of Yitie revenue as an agent rather than a principal under HKFRS 15 during the 2024 Interim Period. Accordingly, revenue was recognised on a net basis rather than on a gross basis, which resulted in a reduction of HK$30,257,000 in both revenue and costs of the supply chain business in the restated 2023 figures.

In addition, the Independent Investigator considered that it is not uncommon for a company to offer discounts to its customers or suppliers as a means of expanding its market, promoting sales or achieving long-term benefits, which may result in reduced profits or even negative gross profit on some orders. The amounts involved are not disproportionate to the sales scale of Zhongnonxin BJ, on the basis that Zhongnongxin BJ has a clear business plan with a well-defined business rationale for the relevant transactions and appropriate cost controls in place. As such, the Independent Investigator could understand the reasons the Group purchased from certain merchants even though a slight loss would be incurred, and are of the view that the Company's explanations to the cause of gross loss in this regard to be reasonable.

The Independent Investigator recommended that the Group should consider strengthening the training of the finance staff of its subsidiaries. In case there is any doubt of the accounting treatment of a significant amount by the subsidiaries' finance staff, they should consider seeking professional advice from appropriate persons (such as financial controller, the chief financial officer, or even the Company's auditor), to ensure that the classification of accounts and amounts are accurate. After the Internal Control Review, the Group's management has established the "Accounting Operation Guidelines" to provide clear operation guidelines for accounting treatment of such matters for easy reference and implementation by its finance department staff. In addition, the Group's finance department has made corresponding accounting adjustments in accordance with the relevant accounting standards in the preparation of the consolidated financial statements to ensure that the accuracy of accounting classifications and amounts. The Group's management has arranged and conducted specialised training for its finance department staff on topics of accounting procedures and bookkeeping.

The Company believes that the allegations regarding the gross profit margin issues have been examined and satisfactorily addressed in the Forensic Investigation and the results have been adequately disclosed in the Forensic Investigation Announcement and the Internal Control Review Announcement.

(iii) Alleged unauthorised investment

Again, the Company believes that the matters raised in the Offeror Announcement in respect of the purported unauthorised investment have been duly examined and adequately disclosed in the Forensic Investigation Announcement and the Internal Control Review Announcement.

The Independent Investigator concluded that the Acquisitions were approved in accordance with the articles of association of Subsidiary A and the Investment Standards and it was disclosed in Forensic Investigation Announcement that Subsidiary A conducted the size test calculation on the Acquisitions based on the financial information as extracted from the financial due diligence at the material time, and the results revealed that none of the applicable percentage ratios exceeded 5% and hence the Acquisitions did not constitute the discloseable transactions under the Listing Rules.

As disclosed in the Internal Control Review Announcement, the IC Consultant has identified the issue that while a subsidiary of the Company established in the PRC had established a provisional investment management policy to standardize the operating procedures for investment activities, the Group has yet to establish a management policy to govern and manage the overall investment process, including but not limited to approval of external investment projects, the decision-making authority for external investments, the transfer and disposal of external investments, reporting and disclosure of material investment matters and information, etc., to regulate investment activities of the Group. To rectify this issue, in accordance with the recommendations of both the Independent Investigator and the IC Consultant, the Group's management has established the "External Investment Management Policy" to regulate the management of investments and mergers and acquisitions, which is applicable to the Company and its subsidiaries. Please refer to the Internal Control Review Announcement for further details.

The Offeror's continued focus on matters that have been addressed serves no constructive purpose but appears designed solely to undermine and impede the Company's resumption efforts.

(iv) Potential related party transactions and connected transactions

(a) Fund transfer to selected directors' personal accounts

As disclosed in the Forensic Investigation Announcement, since the commencement of business of Yitie in August 2023, Yitie required operational fundings from its sole shareholder, Subsidiary B, to support its business operations. In November 2023, Yitie has successfully applied for a foreign debt registration with the SAFE with a quota of approximately RMB16.58 million, and thereafter Subsidiary B remitted approximately HK$15.60 million (equivalent to approximately RMB14.53 million) to Yitie as a shareholder's loan. Given that the foreign debt quota balance of approximately RMB2 million was insufficient to support Yitie's operation and Yitie had an imminent need of operational capital at the material time, therefore Subsidiary B decided to entrust Ms. Qin and Mr. Zhao to transfer funds from Subsidiary B to Yitie through the personal bank accounts of Ms. Qin and Mr. Zhao until the registered capital account of Yitie has been

opened in February 2024. In addition, the Company explained that it would be safer and more reliable for a subsidiary in need of working capital to implement the Entrustment Arrangement through Ms. Qin and Mr. Zhao (both of whom are executive Directors) as compared to other means.

The Fund Transfers were approved in accordance with the Payment Management Guidelines. Each transfer was submitted by Subsidiary B's finance department, reviewed by the then chief financial officer, and approved by the then chief executive officer and executive Director. In addition, the Fund Transfers were approved by three executive Directors, thereby complying with the requirement for approval by two executive Directors under the Payment Management Guidelines.

Based on the results of the Forensic Investigation, the Independent Investigator concluded that the Entrustment Arrangement was merely a mechanism to facilitate the Fund Transfers from Subsidiary B to Yitie and internal fund allocations within the Group, taking into account that (i) the Entrustment Arrangement was approved in accordance with the Payment Management Guidelines, (ii) there is no discrepancy between the records of Yitie and Subsidiary B and (iii) there is no evidence suggesting that the Group has suffered any loss from such Entrustment Arrangement.

In accordance with the recommendation by the IC Consultant, the Group's management has updated the Payment Management Guidelines based on actual management and staff situation. From the samples obtained for recurring operating expenses where a single payment does not exceed HK$200,000, the payment request form has been approved by an executive Director. From the samples obtained for non-recurring expenses, material expenses where a single payment exceeds HK$200,000 and capital expenses, the payment request form has been approved by two executive Directors. Furthermore, since Yitie has set up its registered capital account in February 2024, the Group has ceased to implement the Entrustment Arrangement for supporting the business operations of Yitie.

(b) Transaction with suppliers

It is unclear as to which of the six suppliers are referred to in the Offeror's allegation as set out in the Offeror Announcement. The Offeror's assertion that prepayment arrangements are "inconsistent with usual practice" suggests a lack of understanding of the PRC brand promotion industry. Prepayment arrangements are not uncommon in the industry, particularly for high-demand advertising slots, exclusive inventory, or long-term strategic partnerships where prepayment secures volume discounts.

In addition, the Independent Investigator concluded that there is no evidence suggesting that the Relevant Suppliers (which are the two major suppliers of the Group) fall within the definition of connected persons of the Company under the Listing Rules, nor is there any evidence suggesting that the transactions between Yitie and the Relevant Suppliers fall within the definition of connected transactions of the Company under the Listing Rules. Furthermore, there is no evidence suggesting that the transactions entered into between Yitie and the Relevant Suppliers constitute the related party transactions which are required to be disclosed in the 2025 Annual Report pursuant to the HKFRS Accounting Standards.

Notwithstanding that the transactions entered into between the Company and the Relevant Suppliers were found not to constitute connected transactions of the Company, the Company has implemented enhanced procedures to identify and manage connected party transactions prospectively, including the "Rules Governing Connected Transactions", which stipulates, among others, that newly appointed directors and senior management of the Company should submit a list of connected parties to the Board of Directors within ten working days from the date of their appointment. The Group has conducted connected party investigations and information collection and established a list of connected parties. The relevant list of connected parties has been passed to the business and finance related personnel of the subsidiaries to facilitate their timely identification of connected parties and potential connected transactions in their daily operations.

(v) Compliance with relevant law and regulations

According to the Company's Cayman Islands legal adviser, directors appointed by the board to fill a casual vacancy or as an addition to the board will remain appointed as directors until the date the next annual general meeting is held.

The Company is taking steps to convene an annual general meeting as soon as practicable and Mr. Zhao, Ms. Qin and Mr. Guo will retire and offer themselves for re-election at that annual general meeting in accordance with the amended and restated articles of association of the Company.

CONCLUSION

Finally, the Company would like to reiterate that Independent Investigator concluded that there is no (or insufficient) evidence to support that any of the allegations made by the then Board (save for Mr. Zhao, Ms. Qin and Mr. Guo) including the then Directors nominated by the Offeror, regarding the Forensic Issues to be true or made with reasonable basis. The IC Consultant has confirmed that the Group has implemented all the remedial measures suggested in the Internal Control Review report to address the internal control deficiencies identified in the Internal Control Review report and by the Independent Investigator in the Independent Forensic Report. Based on the work completed by the IC Consultant, the relevant information and data provided by the Group and the recommended measures implemented by the Group, the IC Consultant is of the view that the Group's current internal control system is adequate and effective to identify and prevent the internal control deficiencies identified in the Independent Forensic Report and the Internal Control Review report and to fulfill the requirements of the Listing Rules.

The Company has expended considerable time and resources conducting rigorous independent investigations and implementing comprehensive internal control remedial measures. The Offeror's repeated questioning of matters that has been resolved and demands for ever-increasing level of details on matters that have already been comprehensively investigated by independent professionals and addressed by the Company suggests either a wilful refusal to accept the findings of the Forensic Investigation and Internal Control Review, or a deliberate strategy to obstruct the Company's resumption efforts.

The Company has been striving to satisfy the Resumption Guidance and resuming trading in the shares of the Company for the benefit of all shareholders. As at the date of this announcement, the Resumption Guidance has been fulfilled and the Resumption Announcement will be made by the Company on 24 December 2025.

RESUMPTION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on Monday, 2 December 2024. As the Resumption Guidance has been fulfilled, the Company has made an application to the Stock Exchange for the resumption of trading in the shares of the Company with effect from 9:00 a.m. on 29 December 2025.

By Order of the Board
Elife Holdings Limited
Zhao Zhenzhong
Executive Director

Hong Kong, 24 December 2025

As at the date of this announcement, the board of directors of the Company comprises of Mr. Zhao Zhenzhong, Mr. Guo Wei, Ms. Qin Jiali, Ms. Tan Xin and Mr. Zhang Zhilin, as the executive Directors and Mr. Lin Qiu Cheng, Mr. Wang Anxin and Mr. Wu Kwok Choi, Chris as the independent non-executive Directors.

All the Directors jointly and severally accept fully responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.